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# CONFIDENTIAL FUNDS

## MANUAL OF COMPENSATION PROCEDURES

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FINANCE DIVISION

OFFICE OF THE COMPTROLLER



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MANUAL  
OF  
COMPENSATION PROCEDURES

FINANCE DIVISION  
OFFICE OF THE COMPTROLLER

October 1958

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MANUAL

OF

COMPENSATION PROCEDURES

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CHAPTER 1.   GENERAL

SECTION A.   PURPOSE AND SCOPE OF MANUAL

1A.01   PURPOSE

The Confidential Funds Manual of Compensation Procedures has been prepared to provide fundamental instruction and information on Agency policies and regulations, applicable laws, and special procedures used for the payrolling of individuals paid from confidential funds. General information is included on compensation, salary differentials, allowances, payroll deductions, and leave as it specifically relates to payroll administration of this Agency. Citations are made to Agency regulations where additional details may be found. The Manual material is also intended to serve as a guide to facilitate the orientation and familiarization of payroll workers with confidential funds payroll methods. Material has been organized and arranged for convenience of reference under major subjects. Many of the requirements and techniques stated herein are peculiar to specific types of employment situations and conditions used by the Agency and are essential to the protection of the security of Agency operations.

1A.02   MANUAL ARRANGEMENT

The Manual is divided into numbered chapters. Sections of each Chapter are designated by a letter with sub-paragraphs which are numbered decimally. Thus, 2B.04 refers to Chapter 2, Section B, paragraph 4. Pages are numbered consecutively within each chapter and each page number consists of the chapter and page number designation separated by a hyphen.

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### 1A.03 REVISIONS

It will be the responsibility of the Finance Division to determine the need for and to initiate action with respect to material to be corrected, added, or deleted. Each revision will be released with a numbered transmittal sheet which will indicate the nature of the changes to be made, and include instructions for the removal and/or insertion of revised pages of the manual. Revised pages will show the transmittal number and date of issue.

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## CHAPTER 1. GENERAL

### SECTION B. GENERAL CONCEPTS OF COMPENSATION AND ALLOWANCES

#### 1B.01 COMPENSATION RATE DETERMINATIONS

Compensation of Agency employees is fixed by Agency administrative action. The responsibility for establishing the proper basic compensation for an employee rests with the Headquarters office. The Office of Personnel approves all personnel actions, contracts, letters of Authorizations, memorandums of agreement, etc., which specify a particular rate, or amount of compensation. The specific basis for compensation adopted by the Agency may be: (1) Salary schedules promulgated by the Classification Act of 1949, as amended, (2) salary schedules of the Foreign Service fixed in accordance with the Foreign Service Act of 1946, as amended, (3) Wage Board salaries and other "prevailing" wage scales, or (4) mutual agreement on a fixed amount of compensation which is reduced to a written document, such as a contract, letter of authorization, or memorandum in lieu of a contract.

#### 1B.02 CHANGES IN COMPENSATION

Any change in basic compensation or specified allowances of an individual must be supported by proper documentation submitted to a payroll office, such as a personnel action, contract, agreement, etc., which has been approved by an authorized approving officer of the Agency. When compensation is changed by legislative action such as a new pay act which is adopted by the Agency, individual documentation is not required.

#### 1B.03 ALLOWANCES IN GENERAL

Allowances such as quarters, cost of living, separation, etc., for Agency personnel serving at overseas stations are based on Standardized Regulations, (Government Civilians, Foreign Areas) promulgated by the Secretary of State and as adopted by the Agency. Salary differentials payable for service in foreign areas conform to the Foreign Service Post Differential Regulations prescribed by the Secretary of State. Cost of living allowances and post differentials for Agency personnel serving in U.S. Territories and possessions are based on determinations made by the Civil Service Commission and published in the Federal Personnel Manual. For posts not covered by either State Department regulations or by the Federal Personnel Manual, a special determination of salary

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differential, cost of living, or other allowance is made by the Office of Personnel.

1B.04 QUARTERS PROVIDED IN LIEU OF QUARTERS ALLOWANCE

Responsible Field Officials are authorized by  to provide quarters for staff employees under certain circumstances in order to ensure that employees are adequately housed. Quarters provided at Agency expense are in lieu of payment of a quarters allowance. For personnel receiving a quarters allow-



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## CHAPTER 1. GENERAL

### SECTION C. EMPLOYMENT CATEGORIES

#### 1C.01 STAFF EMPLOYEES

A staff employee is a citizen of the United States, who is appointed to an established position which carries with it rights to annual and sick leave, retirement benefits, and other emoluments.

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category of staff employees. Notice of appointment of a staff employee is stated by an authenticated Form 1150, Notification of Personnel Action, (formerly Form 50) issued in the true name of the employee.

#### 1C.02 STAFF AGENTS

A staff agent is an employee who meets the standards for a staff employee, who performs services under official cover and is generally appointed in pseudonym for security reasons. He is entitled to substantially all of the privileges of the staff employee and conversion to a staff employee at some future time is provided for in his appointment action. Some staff agents are appointed in true name.

#### 1C.03 CONTRACT AGENTS

A contract agent is an individual who may perform specific activities, either within or outside of the United States. He may not work in a station or base office. His contract (or agreement) stipulates his basic compensation, and any additional benefits to offset excess costs of living outside of the continental U.S. A contract agent is not a Federal employee and is therefore not entitled to Civil Service Retirement benefits. Participation in the Social Security program will be consistent with the cover arrangements.

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#### 1C.04 CAREER AGENTS

A career agent is an individual performing covert activities who has demonstrated his operational value over a period of time. While not a staff employee, the career agent is an employee of the U.S. Government by virtue of his relationship with the Agency. Normally, he will be entitled to benefits and privileges similar to, but not necessarily identical to staff personnel.

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Compensation is negotiated, but will be consistent with staff compensation and may provide for periodic step increases. Allowance regulations of the Agency apply generally. He is covered by the social security program and since he is considered to be a Federal employee he is covered by the Federal Employee's Compensation Act and Missing Person's Act. A career agent will be governed by the terms of the contract. [REDACTED]

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#### 1C.05 CONTRACT EMPLOYEES

A contract employee is employed by contract for a specified period. He is compensated on a salary basis. The employee relationship entitles the individual to leave, allowances, and sickness and death benefits according to their citizenship status. Contract employees who are not citizens are excluded from social security benefits if they are employed outside of the U.S. An individual transferred from a position under the Civil Service Retirement System to a contract employee status, without a break in service of more than 3 calendar days, will continue to be covered by Civil Service Retirement Plan rather than by Social Security. Part-time contract employees are not granted leave privileges. Contract employees are governed by the specific terms of their contract or employment agreement. [REDACTED]

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#### 1C.06 CONSULTANTS-EXPERTS

A consultant is an individual with unusual special skills, knowledge or experience, whose service will normally be on an intermittent basis for a period of less than one calendar month in duration at any one time. An expert is an individual with exceptional qualifications in a particular line of work, who may be used to perform services of a highly technical, professional, or administrative nature. Experts are normally used on an intermittent basis. Consultants and experts are compensated at a stipulated amount per day of service.

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## CHAPTER 1. GENERAL

### SECTION D. PAYROLL TERMS

#### 1D.01 SALARY OR WAGES

The terms salary or wages used in a broad sense mean all remuneration for services performed by an individual, including basic compensation, any additional pay for overtime, night differential, holiday work, post differential, and for tax purposes only the terms include lump sum leave payments made to a separated individual as distinguished from a lump sum leave payment made to a beneficiary or administrator on behalf of a deceased employee. Salary, wages, and compensation, are often used interchangeably in payroll activity.

#### 1D.02 BASIC SALARY OR WAGE

Basic salary (or basic wage) is an amount payable as fixed by law, regulation, or administrative action for the position held by the individual, exclusive of any extra pay for overtime, night differential, holiday work, post differential, or allowances for service outside of the continental U.S.

#### 1D.03 GROSS SALARY

Gross salary (gross wage) is the compensation payable computed on the basic salary indicated by the appointment document or employment agreement, plus any other taxable compensation payable, such as pay for extra services and salary differential for service outside of the U.S. It does not include allowances payable.

#### 1D.04 GROSS SALARY EARNED

Gross salary earned is the amount of gross salary which has been earned and which is payable for a given period of service, or for specific period of leave with pay, before any deductions have been applied.

#### 1D.05 NET PAY

The net pay is the amount payable after all deductions and additions have been applied, including one or more of the following: retirement or social security, Federal and/or state income tax withholding, FEGLI, allotments for credit union, Agency life or hospitalization insurance accounts,

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indebtedness, allowances, paid at station, etc.

#### 1D.06 FINAL SALARY

Final salary is the total of all monies due an individual which are payable at the time of separation from the service of the Agency.

#### 1D.07 WORKWEEK

An administrative workweek means a period of seven consecutive calendar days. A regularly scheduled workweek for full-time employees means the period within an administrative workweek during which they are required to be on duty. A basic workweek consists of 40 hours, extended over not more than six of any seven consecutive calendar days. The normal tour of duty for Headquarters' employees is from 0830 to 1700 hours, Monday through Friday, with one-half hour for lunch each day. Tours of duty at field stations may be established to meet local customs and requirements.

#### 1D.08 TOUR OF DUTY

A tour of duty is the regularly scheduled work period of 40 hours within the administrative workweek to which an employee may be assigned. An individual's specific assigned tour of duty governs his entitlement to pay for overtime, holiday, and night work. Irregular "tours of duty" may be established whenever necessary to perform assigned responsibilities. An irregular tour of duty consists of 5 consecutive workdays followed by two consecutive nonworkdays, the second day of which shall be the regular weekly non-workday in lieu of Sunday. Occurrence of holidays in a week does not alter the designation of the irregular tour of duty for that workweek.

#### 1D.09 PAY PERIOD

A pay period is a specified period for which a payment of salary or wages is ordinarily computed and paid to an employee for services rendered during that period. For Confidential Funds payroll purposes, two bi-weekly periods are combined for administrative convenience to compute a payroll for staff employees and staff agents. Even though four weeks are used for administrative expediency in the payroll process, it is necessary to consider bi-weekly periods for purposes of leave, periodic-step increases, promotions, aggregate compensation limitations, etc. Pay periods such as a

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calendar month, semi-monthly, bi-weekly, or weekly, are also used for payrolling covert individuals, depending upon their cover situation, contract or agreement.

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#### 1D.10 OVERTIME

Overtime is work performed in excess of the basic workweek of 40 hours. Regular overtime is overtime which is included within a regularly scheduled administrative workweek which is established at more than 40 hours, such as a six day work-week of 8 hours per day or 48 hours, which would include 8 hours of regular overtime. Irregular, or occasional overtime refers to overtime work which is ordered or approved in excess of the regularly scheduled administrative workweek. Overtime services are compensated at overtime rates or by granting compensatory time-off in lieu of such payment. (See Compensatory Time, 1D.11)

#### 1D.11 COMPENSATORY TIME OR COMPENSATORY LEAVE

The term compensatory time is often used to refer to the credits earned for overtime worked for which time-off will be granted in lieu of payment for the overtime and also to refer to the time-off actually granted as a result of overtime credits earned. In this latter case it is also called "compensatory time-off", or "compensatory leave". One hour of compensatory time is credited for one hour of overtime service. Records must be kept of the compensatory time credits earned and the compensatory time-off actually used. [ ]

#### 1D.12 NIGHT DIFFERENTIAL

This is compensation for regularly scheduled work performed between the hours of 6 pm and 6 am, according to the local time observed in the area where the work is performed. [ ] (Special rules apply to payment of this differential.)

#### 1D.13 HOLIDAY WORK

Holiday work is actual service performed within the regularly assigned hours of duty, not in excess of 8 hours, on a holiday designated by Federal Statute or by Executive Order and which is not overtime work as defined in 1D.10. Services performed on local holidays of a foreign country are not compensable as holiday work.

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#### 1D.14 PREMIUM PAY

Premium pay is the compensation payable for overtime, night, or holiday work, or for services while assigned to a "stand-by" capacity for duty other than the standard workweek. Stand-by duty is compensated at a fixed percentage of the basic salary.

#### 1D.15 PAY STATUS

An employee is in a "pay status" if he, (1) performs actual service, (2) is absent on approved leave with pay (annual, sick, or other statutory leave) during a pay period, (3) is absent on a legal holiday which occurs during the basic workweek and such absence is properly authorized by statute, executive order, or local administrative action, or (4) is absent on approved compensatory leave during the basic workweek.

#### 1D.16 STATUS UNDETERMINED

This is a temporary, non-pay status applied to an individual because of a contemplated action which concerns the employee for which formal notice or documentation has not been received by the pay unit, such as, resignation, indebtedness, transfer, change in allowances, missing duty status reports, etc. Action will be taken promptly to restore the individual to a pay status depending upon settlement of the action which caused the "status undetermined" to be used.

#### 1D.17 WITHHOLDING TAX

A withholding tax is deducted from salary earned for the purpose of making current collection of income taxes (or social security taxes) at the source of wage payments as required by law of employers for the Federal, state, or the District of Columbia governments.

#### 1D.18 ALLOTMENT OF SALARY

Allotment of salary is an amount of earned compensation designated by written authorization from the employee, for payment to a specified "allottee" such as a U.S. bank account, the Agency credit union, or for paying premiums on Agency insurance plans (life and/or hospitalization).

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#### 1D.19 PAID ABROAD OR PAID AT STATION

Paid abroad is a part of the total amount of salary and/or allowances due an employee which is paid to him in cash at a field station rather than have the total amount payable deposited to his stateside bank account. The amount paid abroad at the station is reported by the station to headquarters on a Transfer Authorization.

#### 1D.20 RETIREMENT DEDUCTIONS

Retirement deductions are required by law to be made from the basic salary payable to an employee. The amount constitutes the employee's contribution toward a Civil Service Retirement annuity benefit. A matching contribution is made to the retirement fund by the Agency. (Chapter 10).

#### 1D.21 SOCIAL SECURITY TAX OR FICA

Social security tax deductions are required to be made by the Federal Insurance Contributions Act, hence FICA. The tax is levied on a fixed amount of an employee's gross annual wage and represents the employee's contribution toward old age assistance benefits. The employer also makes a contribution equal to the employee's contribution.

#### 1D.22 FEDERAL EMPLOYEES GROUP LIFE INSURANCE (or FEGLI)

This is the government-sponsored program which provides life insurance protection for an employee based on the annual salary rate of an employee. Insurance coverage is to the nearest full thousand dollars above the basic salary rate of the individual. The employee's contribution for the insurance is based on a rate per each thousand dollars of insurance benefits. The employing agency also contributes to the fund. Participation in this program is optional with the employee.

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## CHAPTER 1. GENERAL

## SECTION E. PAYROLL ABBREVIATIONS

## 1E.01 STANDARD ABBREVIATIONS USED

Abbreviations are frequently used on pay cards, payroll change notices, retirement records, and elsewhere on payroll records. Most of the abbreviations used will be found printed also on the reverse side of the original copy of Form 218, Payroll Change Notice.

Common abbreviations are as follows:

<u>ABBREVIATION</u>	<u>MEANING FOR PAY PURPOSES</u>
E.O.D.	Entrance on Duty
Prom	Promotion
P.S.I.	Periodic Step Increase
C.O.B.	Close of Business
T/L	Terminal Leave
B.O.B.	Beginning of Business
O/A	Other Advances
T/A	Travel Advances
O/T	Overtime
Qtrs.	Quarters Allowance
C/L	Cost of Living Allowance (Post Allowance)
ADA	Additional Dependents Allowance
Sep. Allow.	Separation Allowance
SPA	Special Post Allowance
S/D	Salary Differential (Post Differential)
Liq.	Liquidate
N/D	Night Duty (Night Differential)
H/P	Holiday Pay
Eff.	Effective
TLA	Temporary Lodging Allowance
TRF. Allow.	Transfer Allowance
L.W.O.P.	Leave Without Pay
Ret.	Retirement
P.A.	Paid Abroad (Paid at Station)
O/P	Overpayment
U/P	Underpayment
P/P	Pay Period
Sh.	Should
Pd.	Paid
CU	Credit Union

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CHAPTER 1. GENERAL

SECTION F. REFERENCES

1F.01 AUTHORITIES & REFERENCES

The following Agency regulations and publications of other Government units contain additional information on the subject of compensation and should be used for reference.

- a. Agency Regulations and Handbooks
- b. Comptroller's Instructions & Notices
- c. Finance Division Operating Procedures
- d. Standardized Regulations (Government Civilians, Foreign Areas), issued by State Department
- e. Foreign Service Post Differentials Regulations, issued by State Department
- f. Federal Personnel Manual, issued by Civil Service Commission
- g. Salary Tables, issued by U.S. General Accounting Office
- h. Decisions of U.S. General Accounting Office

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Compensation

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## CHAPTER 2. COMPENSATION FOR PERSONAL SERVICES

### SECTION A. BASIC COMPENSATION

#### 2A.01 GENERAL SCHEDULE SALARY RATES

Compensation rates for staff employees and staff agents are governed by the rates specified by the Classified Act of 1949, as amended, and as currently issued by the General Accounting Office. The Agency generally adheres to the principles and practices of that Act, and its amendments. The current Salary Table contains instructions on its use. Tables are prepared for bi-weekly payroll purposes. It is necessary to adjust the calculations contained therein to arrive at an appropriate amount for confidential funds payrolls which combine two bi-weekly periods for each payroll.

#### 2A.02. COMPUTATION OF BASIC WAGE RATES

Payment of compensation for staff employees and staff agents shall be regarded as payment for service or while on approved leave in a pay status during 52 basic workweeks of 40 hours each. Hourly, daily, and bi-weekly rates will be found in current salary tables.

#### 2A.03 BASIC WORKWEEK

All service in a pay status during the basic workweek shall be considered in computing the amount of basic salary earned by an employee. Any hours of ordered or approved overtime service performed within the workweek, but outside of the regularly scheduled basic workweek, shall be used to "fill in" for any hours of non-pay status during that basic workweek. Basic compensation shall be paid for all hours in a pay status up to and including 40 hours during a workweek.

#### 2A.04 SATURDAYS, SUNDAYS, & HOLIDAYS

A full-time per annum employee shall be paid for services on Saturdays and Sundays, or for days provided administratively in lieu thereof, only if actual service is performed as ordered or approved overtime. Saturdays and Sundays which are within an employee's regularly scheduled workweek shall be paid for on the basis of his having been in a "pay status", i.e., either actually having performed service or having been on approved

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leave with pay (annual, sick, compensatory, other). Per annum employees are considered to have been in a pay status and entitled to basic pay for holidays, or a day administratively provided in lieu thereof, occurring within their basic workweek which:

- a. Intervene between days of regular official duty, disregarding Saturdays and Sundays or non-work days administratively established in lieu thereof;
- b. Immediately precede or follow annual or sick leave, or occur within a period of annual leave or sick leave;
- c. Immediately precede leave without pay;
- d. Immediately follow termination of a definite period of leave without pay administratively granted in advance provided the employee returns to duty the first basic workday following the holiday.

#### 2A.05 PREMIUM COMPENSATION

Premium compensation (or premium pay) is earned and payable only for actual service performed and approved as overtime, night duty, or on a holiday. (Refer to subsequent explanations of each type in Sections 2B, 2C, and 2D.)

#### 2A.06 WAGE ADMINISTRATION PERSONNEL

Groups of special craftsmen are compensated in accordance with Regular Wage Board, Lithographic Wage Board, Graphic Arts, or Government Printing Office Salary Schedules. Employees in any of these groups are so designated on their appointment papers. The wage rate is also specified. New wage rate schedules are issued to document changes in the compensation to be paid. Computation and granting of overtime, night differential, and holiday pay differ in some respects for these groups as compared to the rules applicable to computing compensation paid to employees based on General Schedule salary rates.

#### 2A.07 SALARY SCHEDULES AND COMPENSATION FOR PRIOR YEARS

Audit of compensation paid for prior periods often will extend retroactively into a period for which a different rate was in effect. It is important to observe the effective dates of compensation rates, as well as legislation affecting overtime, night differential, holiday rates, retirement, social security

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deductions, statutory limitations on earnings, etc. The salary tables for a given period will usually provide most of the information required for these purposes.

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## CHAPTER 2. COMPENSATION FOR PERSONAL SERVICES

### SECTION B. OVERTIME

#### 2B.01 WHAT CONSTITUTES OVERTIME

An employee in pay status for 40 hours of his regularly scheduled workweek, earns overtime for any hours of service over 40 when such additional service is properly approved. Hours of overtime must be used as "fill in", when appropriate, in order to offset any hours of absence during the basic workweek which would otherwise be considered as absence without pay. Basic compensation will be computed for the first 40 hours of total service even though some of those hours of duty might be performed as overtime. For example: An individual may work 32 hours or only four days of his workweek and be charged eight hours leave without pay (LWOP) for the one day absent. On the sixth day, the individual performs services of approved "Overtime" of eight hours. However, the eight hours of "overtime" shall be used to complete the employee's basic workweek of 40 hours in order to pay him for 40 hours of basic compensation. No overtime would be payable. Overtime would be payable for any hours of overtime services which are in excess of the hours needed to fill in the basic workweek.

#### 2B.02 OVERTIME RATES

Overtime rates are currently based on  $1\frac{1}{2}$  times the basic rate of pay, where the basic annual rate does not exceed the minimum scheduled rate of grade GS-9 of the classification Act of 1949, as amended. Where the basic annual rate of an employee exceeds the minimum scheduled rate of GS-9, of the Classification Act of 1949, as amended, the hourly rate of overtime compensation shall be equal to  $1\frac{1}{2}$  times the hourly rate of basic compensation at the minimum scheduled rate of grade GS-9.

#### 2B.03 CLAIMS FOR OVERTIME

Claims for payment of overtime may cover several periods of prior service in addition to the current pay period. A determination must be made as to when the overtime claimed was actually worked when computing overtime on a retroactive basis. Rates for overtime which were in effect at the time the overtime services were performed govern the amount to be paid, rather than applying the current overtime rate to the total number of hours worked. Different rates payable to

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the individual may apply because of changes in basic salary rates due to periodic step increase, grade promotion, or legislative changes in basic salary schedules. Reference must be made to salary tables and other compensation information in effect at the time the service was performed. Typical of a retro-active overtime claim would be a claim for payment of overtime worked for which compensatory time had first been approved, but the individual was not permitted to take as time-off and eventually it becomes necessary to pay the individual.

#### 2B.04 MINIMUM CREDIT FOR "CALL BACK" SERVICES

Any unscheduled overtime service performed by an employee on a day when no work was scheduled for him, or for which he is called back to duty will be considered to be at least two hours of overtime even though the actual service performed may be less than two hours. This is referred to as "call back" duty and may be paid for or credit given for compensatory time under the general rules applicable to overtime pay or compensatory time.

#### 2B.05 APPROVAL OF OVERTIME

Overtime shall not be paid for unless it was properly ordered and/or approved. See

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#### 2B.06 FULL HOURS OF SERVICE

Overtime shall be paid only in multiples of full hours. A fractional part of an hour of overtime at the beginning of business and a fraction of an hour at the close of business for the day may be combined to make one, or more, full hours of overtime for the same calendar day. However, a fraction of an hour of overtime one day cannot be carried forward and combined with a fraction of an hour worked on the next day to make a full hour of overtime.

#### 2B.07 COMPENSATORY TIME CREDIT

Overtime services may be credited, hour for hour, as "compensatory time" with the intent of granting time off to the employee at some future date in lieu of the cash payment. Generally, compensatory time off earned should be taken as soon as practicable after having been earned. Compensatory time earned by Headquarters personnel during the year accrues up to the

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end of the leave year, at which time it is forfeited unless used, except for that compensatory time which was earned during the last four calendar weeks of the leave year must be used by the end of the fourth calendar week of the following leave year, or it also is forfeited.

#### 2B.08 PAYMENT FOR COMPENSATORY TIME ABOUT TO BE FORFEITED

Compensatory time which remains to an employee's credit may be approved by proper authority for payment as overtime if the employee has been denied the opportunity to use it. Upon receipt of proper approvals, the individual may be paid for compensatory time credits at the overtime rates in effect at the time the overtime services were performed.

#### 2B.09 RECORDING COMPENSATORY TIME CREDITS

Rules for accruing compensatory time in lieu of overtime payments for overseas personnel are the same as for Headquarters personnel. Records will be maintained by the Headquarters payroll office for Headquarters personnel compensatory time worked and for time taken. However, records of compensatory time earned and time taken by field personnel will be the responsibility of the field stations. Field personnel traveling to the U.S. or to another station when authorized, may use compensatory time in lieu of annual leave for delays enroute, NOT TO EXCEED 80 hours. [ ] If not used prior to departure, forfeiture will result of all compensatory time credits at the time the individual departs his station in the field, unless he has been denied the opportunity to use it or was authorized to use part of it enroute to his next PCS station. If the employee has been denied an opportunity to use compensatory leave, the hours remaining to his credit may be approved for payment as overtime. Payments for compensatory time are subject to the same rules applicable to payment of overtime, including the fact that the time is payable at overtime rates which were in effect at the time the work was performed.

#### 2B.10 LIMITATIONS ON TOTAL COMPENSATION

An individual cannot be paid overtime compensation or receive credit for compensatory time off (in lieu

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of payment) unless the individual is entitled to receive the additional amount of compensation for the overtime under the statutory limitation on earnings. See 2F.02.

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## CHAPTER 2. COMPENSATION FOR PERSONAL SERVICES

### SECTION C. NIGHT DIFFERENTIAL

#### 2C.01 WHAT CONSTITUTES NIGHT DIFFERENTIAL

Night Differential for Graded (GS) personnel is additional compensation computed at 10 percent of the hourly rate of basic salary. It is payable for all whole hours of actual service performed between 6 pm and 6 am which are a part of a regularly scheduled tour of duty. An employee who normally works a regular tour of duty which does not include duty between the hours specified may be paid night differential for such hours worked when he is assigned to work during a regularly scheduled tour other than his own regular tour, on a temporary basis as a substitute or on detail. Occasional overtime extending beyond an employee's regular tour and into hours between 6 pm and 6 am is not considered as night differential work because it is not part of the employee's regularly scheduled tour. An individual assigned to work overtime in lieu of an employee who is regularly assigned to a tour of duty which includes "night differential" hours, or part thereof, may receive night differential (computed on his basic rate - not his overtime rate) for all hours which qualify as part of the regularly scheduled tour of duty to which temporarily assigned and which are between the hours of 6 pm and 6 am.

#### 2C.02 LOCAL TIME GOVERNS

Night differential hours are based on time observed locally wherever the work is performed, i.e. standard or daylight time. Actual elapsed time is counted when there is a time change from daylight saving to standard or from standard to daylight saving time.

#### 2C.03 N/D EFFECT ON OTHER PAY, ALLOWANCES, ETC.

Night differential compensation is excluded from overtime or holiday pay rates, or for computing retirement deductions, allowances, post differentials, etc. It is included in determining gross wages paid for social security tax and income tax purposes. (See 2C.06 for exceptions).

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#### 2C.04 ABSENCES DURING NIGHT DIFFERENTIAL PERIODS

Payment of night differential is authorized during periods when an employee is excused from night work on a holiday or other non-work day and for all night hours of the employee's regularly scheduled tour of duty while he is in an official travel status whether he is actually performing work or not. Payment of night differential is not authorized for any period of paid leave of eight hours or more hours during any pay period. (See 2C.06 for exceptions)

#### 2C.05 LOCAL BUSINESS CUSTOMS IN FOREIGN AREAS

In stations outside the continental United States, any time after 6 pm or before 6 am may be designated as the beginning or ending of night work where the customary hours of local business extend into the period between 6 pm and 6 am.

#### 2C.06 NIGHT DIFFERENTIAL FOR UNGRADED PERSONNEL

Night differential payments for personnel compensated under Wage Board, Lithographic Wage Board, Graphic Arts and Government Printing Schedules, and other similar pay plans will be specified on the appropriate wage scale. N/D for this group of personnel is slightly different from graded personnel. The following instruction should be compared with those for GS employees and the differences noted.

a. Night differential rates for ungraded personnel will be paid for the entire tour of duty when half or more of the regular tour occurs between 6 pm and 6 am or other hours designated in accordance with paragraph 2C.02. Night Differential rates will not be paid for any part of the tour unless at least one-half of the tour occurs during these hours.

b. N/D payments to a wage administration employee will be considered a part of his base pay for purposes of computing overtime and holiday rates, rates payable during periods of leave with pay occurring during a period of scheduled night duty, lump-sum payments, retirement deductions, maximum rental for quarters, etc.

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## 2C.07 LIMITATIONS ON TOTAL COMPENSATION

An individual cannot receive night differential pay if it causes the total compensation to exceed the limits established by law. See 2F.02. This limitation does not apply to ungraded personnel.

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## CHAPTER 2. COMPENSATION FOR PERSONAL SERVICES

### SECTION D. HOLIDAY COMPENSATION

#### 2D.01 HOLIDAY COMPENSATION RATES

Actual service on a designated holiday will be compensated at the regular rate of basic salary of the employee plus premium compensation at a rate equal to the employee's basic rate of pay. It is payable for not more than eight hours of actual service performed on a holiday which falls within an employee's basic work week. This compensation is in addition to any extra compensation for night duty. Services performed on a holiday in excess of eight hours are paid at regular overtime rates.

#### 2D.02 DESIGNATED HOLIDAYS

The following are established legal holidays:

1 January	New year's Day
22 February	Washington's Birthday
30 May	Memorial Day
4 July	Independence Day
1st Monday of September	Labor Day
11 November	Veterans Day
4th Thursday of November	Thanksgiving Day
25 December	Christmas Day

Other days may be designated as legal holidays by Executive Order or Presidential Proclamation. Holidays of a foreign country observed by a Station that are not Statutory holidays listed above are not considered as holidays for premium compensation.

#### 2D.03 HOLIDAYS ON SATURDAYS & SUNDAYS

When a holiday falls on a Sunday, the following Monday is observed as a holiday by those employees assigned to a regular tour of duty from Monday through Friday. No alternate day is observed when a holiday falls on a Saturday. (For employees assigned to a tour of duty other than Monday through Friday, the first day off is in lieu of their Saturday and the second day off is in lieu of their Sunday. Holidays falling on their Sundays are observed on the next workday as if it were a Monday.)

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#### 2D.04 MINIMUM HOLIDAY COMPENSATION

Any employee who is required to perform any work on a holiday which constitutes holiday work will be compensated for at least two hours of holiday work.

#### 2D.05 HOLIDAY TIME EXTENDING INTO TWO CALENDAR DAYS

When a workday is so scheduled for an employee that the hours cover portions of two calendar days, the tour which commences on a holiday, or on a day which would be observed as a holiday, will be observed as the holiday for pay purposes.

#### 2D.06 LIMITATIONS ON TOTAL COMPENSATION

An individual cannot be paid for services on a holiday if it causes the total compensation for the bi-weekly period to exceed the limit established by law. See 2F.02.

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## CHAPTER 2. COMPENSATION FOR PERSONAL SERVICES

### SECTION E. LEAVE WITHOUT PAY

#### 2E.01 ADJUSTMENT OF COMPENSATION

If an employee is in a non-pay status, or leave without pay (LWOP), basic compensation must be reduced accordingly. LWOP periods can also have an influence on the compensation allowed for overtime or holidays. If an employee is on LWOP for an entire workweek, or even a portion of a workweek, any ordered overtime during the workweek must be used first to "fill-in" the basic workweek up to the 40 hours before any of the ordered overtime may be paid at overtime rates. The occurrence of LWOP also influences the payment or non-payment of basic compensation for a holiday. Holiday compensation may be allowed if the holiday occurs at the beginning or end of a definite period of LWOP, but cannot be allowed for a holiday that occurs within a period of LWOP.

#### 2E.02 RECORDS OF PERIODS OF LWOP

In addition to directly affecting basic compensation, periods of LWOP affect the effective dates of periodic step increases. It is important that the leave record be posted to show all periods of LWOP and to make reports to the Office of Personnel for periods of LWOP which require a personnel action to cover. Refer to periodic step increases and leave without pay as discussed under chapter on LEAVE 5B.02 and 5F.04 for treatment of LWOP as it affects these two subjects.

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## CHAPTER 2. COMPENSATION FOR PERSONAL SERVICES

### SECTION F. STATUTORY LIMITATIONS ON COMPENSATION

#### 2F.01 GENERAL

Statutory limitations on compensation, are of importance in determining the amount of compensation payable such as basic salary plus premium pay. Other limitations are of only general interest and restrict amounts of compensation in terms of retirement pay and dual compensation. Restrictions applicable to dual compensation should be determined at the time an individual is appointed and entered on a payroll.

#### 2F.02 AGGREGATE LIMITATION ON THE PAYMENT OF COMPENSATION

Pay act legislation has placed a limitation on the total compensation payable to an individual. The Federal Employees Salary Increase Act of 1955 specified that no premium compensation provided by the act shall be paid to any employee whose rate of basic compensation equals or exceeds the maximum scheduled rate of basic compensation provided for Grade GS-15 in the Classification Act, as amended. Premium pay includes overtime, night differential, and holiday pay. If an employee's basic compensation is less than the maximum scheduled rate for GS-15, premium compensation may be paid only to the extent that such payment would not cause the total aggregate rate of compensation to exceed such maximum for any bi-weekly pay period. Compensatory time credits cannot be granted to an individual under this limitation if the individual is ineligible to receive payment for the time as paid overtime. (See 25 CG 151 and 26 CG 750) Post differentials, allowances, and special awards of cash such as payment for an employee's suggestion or language improvement are not subject to this limitation. Since two bi-weekly periods constitute a period of payment from confidential funds, the aggregate compensation limit must be applied to each bi-weekly period, rather than to the four-week period. The exact amount and base for calculating the maximum limitation vary with different legislative pay enactments; therefore, reference must be made to salary schedules in effect for a period for which a computation is being made in order to determine the limitation applicable at that time. This can be accomplished by reference to the instructions applicable to the salary schedule in effect for the period in question.

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### 2F.03 EXEMPTIONS TO WAGE LIMITATIONS

Wage board employees who are paid on a monthly or annual basis are not subject to the aggregate compensation limitation.

### 2F.04 LUMP SUM LEAVE PAYMENT LIMITATIONS

Whenever an employee is separated from Federal Service he shall receive a lump sum payment for all current accrued annual leave to which he is entitled. Such lump sum payment will equal the compensation that such employee would have received had he remained in the service until the expiration of his period of leave, except that after August 31, 1953, no such lump sum leave payment shall exceed 30 days leave or the number of days of leave carried over to his credit at the beginning of the leave year, whichever is the greater. Thus, it is possible that leave might be lost since payment therefore might not be included in a lump sum payment. See 33 C.G. 85 relative to use of leave immediately prior to separation which could not be included in the lump sum leave payment. Also, refer to 5C.04 on payment of final salary upon separation, for additional information on application of the lump sum payment provisions and on recrediting of leave balances after refund of lump sum payments.

### 2F.05 MISCELLANEOUS LIMITATIONS OF SALARY PAYMENTS

Other limitations are generally referred to as dual compensation or dual employment restrictions and under various circumstances, govern the payment of civilian compensation as follows: (1) An Act of 1916 prohibits payment of more than one salary where combined rates exceed \$2,000 per annum unless otherwise provided; (2) Under a law of 1894, no person may hold more than one office where the compensation attached to either amounts to \$2,500 per annum or more, unless specifically authorized by law; and (3) A 1932 law prohibits receipt of retired pay for or on account of services as a commissioned officer in any of the armed forces concurrently with compensation from a civilian office or position in excess of an amount which when combined with the annual rate of compensation from such civilian office or position makes the total rate from both sources more than \$10,000. There are many special applications of these laws and authorized exceptions. Ordinarily, these problems will not be evident since the determination should be made before an individual is appointed as to whether he may receive civilian compensation for the position to which he is to be appointed. However, these restrictions are mentioned for information so that should

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some document in an employee's payroll file indicate that one of the aforementioned limitations might apply, the question may be called to the attention of the payroll supervisor for verification of whether the situation is subject to one of the many exceptions and whether it was so established at the time of the individual's appointment.

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Differentials

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## CHAPTER 3. SALARY DIFFERENTIALS

### SECTION A. GENERAL

#### 3A.01 PURPOSE AND AUTHORITY

A post differential (or salary differential) is a grant to an employee based on a percentage of the basic compensation paid to an employee while serving at a post where extraordinarily difficult living conditions or excessive physical hardships prevail, or at which notably unhealthful conditions exist. Rates for Foreign posts are published by the State Department in the Standardized Regulations (Government Civilians, Foreign Areas). Rates for U.S. Territories, possessions, or islands, are set by the Civil Service Commission and are published in the Federal Personnel Manual. The territorial post differential does not apply to employees of the Panama Canal Zone.

#### 3A.02 PERIODS OF ENTITLEMENTS

Payment of a post differential shall become effective with the date of arrival of the employee at the differential post and terminate COB of the day of departure from the station under transfer of station orders. Payments of post differentials vary under special conditions. Reference should be made to the State Department Regulations and Federal Personnel Manual for interpretations and rulings on variations from the general rules stated herein.

#### 3A.03 TEMPORARY DUTY AND FOREIGN POST DIFFERENTIAL

A Foreign post differential is payable to personnel on temporary duty at a differential post, when they qualify under specified conditions. Temporary duty as used here means one or the other of the following:

a. The temporary duty of an employee away from his permanent station, not classified for differential, to a post or area which is so classified for differential to a post or area classified at a higher rate, when the period of such duty is actually 60 calendar days or more; or when it shall have been determined by the issuance of appropriate personnel documentation that the contemplated duration of the temporary duty is to extend for a substantial period of time estimated at no less than 60 calendar days.

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b. The temporary duty of an employee away from his permanent station which is classified for differential to a post or area which is not classified or classified at the same or lower rate, for a period of more than 14 consecutive calendar days counted from date of arrival at such post or area.

See Agency regulations on foreign post differentials payable to personnel on temporary duty, for further information.

#### 3A.04 TEMPORARY DUTY AND TERRITORIAL POST DIFFERENTIAL

A territorial post differential is payable to personnel on temporary duty at a differential post if they qualify by the nature of their assignment at that post as distinguished from length of time spent at the post. A differential is payable to an employee who is temporarily DETAILED, in a travel status, to perform duties or functions of the station to which he is temporarily assigned. A detail is not involved and no differential is payable to an employee who is temporarily at a differential post in a travel status when he performs duties associated with his permanent station. Certification of "detail" must be made before any territorial post differential may be paid.

#### 3A.05 DIFFERENTIALS AND OTHER COMPENSATION

Post differentials are not considered in computing overtime, night differential, or holiday pay, nor for computing FEGLI or retirement deductions. They are included in computing total wages subject to social security tax. Post differentials are excluded when computing allowances based on compensation and for determining compensation payable to an employee under the limitations for maximum compensation.

#### 3A.06 APPLICABILITY OF INCOME TAX

Salary differentials are considered as part of income and are therefore subject to income tax deductions. In this respect they are distinguished from other allowances which are granted to offset additional costs of living whereas the salary differential is additional income paid as an inducement or recruitment incentive to the employee to serve at a hardship post.

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Allowances

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## CHAPTER 4. ALLOWANCES

### SECTION A. GENERAL

#### 4A.01 ADMINISTRATIVE PROCEDURES

A number of types of allowances are payable to an employee while serving at a foreign post or upon transfer. The Foreign Duty Data Sheet, Form No. 475, completed by the employee prior to departure generally provides information for determining an employee's allowances which will be payable as part of the payroll process. Several of the allowances are mentioned herein for information only as they are not paid through payroll action but require that the employee make a specific claim for them. Administration of allowances is divided between Headquarters and the field stations. Stations operating under "Class A" type accounting procedures are specifically authorized to compute and pay allowances locally (including allowances  and no further computation or record is made at Headquarters. Other stations operating under "Class B" accounting procedures do not compute or pay allowances. All payments of allowances for stations operating under "Class B" type accounting procedures are computed and paid through the regular payroll process at Headquarters. See  Alternate Paragraph 2, for details on allowance procedures at stations operating under "Class A" accounting procedures. Also, refer to  when quarters are provided at Agency expense in lieu of paying a quarters allowance.

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#### 4A.02 LIVING QUARTERS ALLOWANCE

This is an allowance established by the Standardized Regulation and granted to an employee to whom Government-owned quarters are not made available. It consists of two types as follows:

- a. Temporary Lodging Allowance is granted to an employee for the cost of lodging, heat, light, and fuel at temporary quarters upon first arrival at a new permanent post. It is payable as a daily allowance determined from schedules based on the class of post, not to exceed actual expenses, whichever is less. It is limited to a maximum period of 3 months or until permanent quarters are occupied, whichever is shorter. A claim must be prepared and submitted on Form 33-22, Application for Payment of Allowances, by the individual employee. Payment of this allowance is not part of the payrolling process, but is related because the

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termination date of payment of the TLA (Temporary Lodging Allowance) determines the beginning date for paying the regular quarters allowance.

25X1 b. Quarters Allowance is a living-quarters allowance granted to an employee for the cost of lodging, heat, light, fuel, including gas and electricity. (An allowance is not payable if quarters are furnished under  ) This allowance begins with the date expenses for permanent quarters begin, or after three months at posts, whichever is earlier. Quarters allowance and Temporary Quarters allowance are not payable concurrently. An employee may continue in temporary quarters beyond the three months for which the TLA is payable in which case the permanent quarters allowance becomes payable after the 3 months or upon a determination that the employee has no intention of moving into other quarters. This allowance ceases upon, (1) vacating permanent quarters, (2) when travel begins under orders to transfer post, or (3) with the last day of employment in event of separation, (resignation, retirement, death). When private quarters, for which an allowance is being paid, are sublet, the allowance is reduced by the amount received from the sublessee, or it terminates should the amount of the sublease equal or exceed the amount of the quarters allowance. The quarters allowance may be continued under special circumstances, including, (1) an absence from the post not to exceed ninety days leave with pay, plus transit time for leave taken in the United States for illness, (2) while in leave with pay status upon a determination that it is in the best interests of the United States, (3) while absent under official orders and the quarters are maintained, or (4) the with-family rate may be continued while the family is away, not to exceed more than six months.

#### 4A.03 POST ALLOWANCE OR COST OF LIVING ALLOWANCE (FOREIGN POSTS)

a. This is an allowance established by Standardized Regulations and granted where the cost of living is proportionately so high at a particular post that an allowance is necessary to enable the employee to carry on his work efficiently, without suffering a reduction in living standards. It is based on individual salary rates and classification of the post, and family status. The basic rates with-family are for the employee, his spouse, and one child. Provisions are made for Additional Dependence Allowance (ADA) to supplement the basic:

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salary rates for each additional unmarried member of the family who is under 21 years of age, up to a maximum number of five. If there is no spouse, the first child entitles the employee to the with-family rate before computing the ADA. Entitlement to the allowance begins with date of arrival, E.O.D., or with date of assignment to the post, whichever is the latest, except that, if the employee is ordered to report first to another post, but his family reports directly to the post of assignment ahead of him, the allowance begins with the date of arrival of the family. Termination becomes effective as of the date of departure from the station under official orders, or with the last day of service in cases of resignation, death, or retirement.

b. The supplementary post allowance is intended to help defray extraordinary subsistence costs while the employee and 2 or more members of his family are occupying quarters upon first arrival at a foreign post. It is a fixed daily rate payable only on behalf of family members in excess of 1, and only while they are in non-housekeeping quarters. Payment may not exceed a period beyond 3 months after arrival. Payment of this allowance is made upon application of the individual, but is not a part of the payroll process.

#### 4A.04 COST OF LIVING ALLOWANCE (TERRITORIAL POSTS)

This is an allowance granted an employee as additional compensation by reason of high living costs in a designated territory as compared with living costs in the District of Columbia. The Civil Service Commission has authority to designate territories where living costs are high and to fix for each place an additional rate to be paid. See Section 350.11 of the Federal Personnel Manual for places and rates at which territorial cost of living allowances shall be paid. An employee is entitled to payment of the allowance as of the date of arrival at the post on permanent assignment, or detail, and it shall stop as of the close of business on the date of departure for separation or transfer. Payments are not made for any periods when basic compensation is not paid, but shall continue during periods of sick leave and annual leave taken during the period of duty in the territory and for transit time authorized for purposes of leave so taken. This allowance is excluded from gross income for Federal income tax purposes. If an employee is entitled to both territorial post differential and territorial cost of living allowance, he may receive both, but only at such rate that his total additional compensation for the two will not exceed 25 percent of his rate of basic compensation.

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#### 4A.05 SPECIAL POST ALLOWANCE

This is an allowance granted by Standardized Regulations in lieu of other post and/or quarters allowances to an employee at a foreign post overseas where unusual conditions have been determined to exist, and which is not classified for other allowances. Eligibility for this allowance is based upon PCS assignment to a post for which this special allowance is applicable in lieu of other post or quarters allowances.

#### 4A.06 TRANSFER ALLOWANCE

This is a reimbursement fixed by the Standardized Regulations, of a cost of living allowance for extraordinary and necessary expenses incident to the establishment of residence at a post. The rate is a flat sum, dependent upon the employee's family status. Eligibility is established upon completion of an official transfer from the United States or Territory to a post of different zone designation, or between two different posts having different zone designations. This is a single payment due upon arrival at the post. If an employee with family precedes his family, he may be reimbursed the rate for a single employee upon his arrival at the post and the difference can then be paid upon the later arrival of the family, or, complete payment can be deferred at the employee's option until the family has arrived.

#### 4A.07 SEPARATION ALLOWANCE

This allowance is provided by Standardized Regulations and is intended to assist an employee who, because of excessively adverse living conditions at the post or for convenience of the Government must meet additional expense of maintaining his family elsewhere, other than the country of the employee's assignment. "Family" for this purpose, is limited to the wife and minor children. The amount payable is determined from allowance schedules. The salary rate of the employee and the size of the dependent family are factors used for determining the proper rate. Payments begin with the date of departure of the employee on official travel for the overseas post, or with date of assignment if no travel is involved, or date of separation, whichever is the latest, or it may be designated by the head of the Agency if there are other factors for consideration of a different date. Termination of the allowance is effected when a member of the family enters the country of assignment (date of arrival in that country), date of departure of the employee from the post under official travel orders

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taking him to another post or to headquarters, the effective date of transfer if no travel is involved, or the date quarters are vacated at the post. Termination of the allowance is also governed by separation from the Agency by resignation, retirement, or death, effective with the last day of duty, or by the employee's rejoining the family. It is not payable concurrently with per diem which is payable to the family while they are in a travel status enroute to join the employee. The allowance is reduced 50 percent for periods during which all members of the employee's family reside in Government provided quarters at no cost to the employee even though the conditions of separation still exist.

#### 4A.08 REPRESENTATION ALLOWANCE

This is an allowance provided by Standardized Regulations and Agency Regulations and is intended to reimburse the employee for extraordinary expenses, such as entertainment, tips, gratuities, etc. It is not a payroll item, but is included here for identification of the term. Special authorization is required before it may be paid and the individual must make specific claim for it.

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4A.11 HOME SERVICE TRANSFER ALLOWANCE

a. This allowance is provided by Standardized Regulations and consists of two parts, one a transfer portion and the other for temporary lodging expense. See [redacted]

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b. The transfer portion may be granted only for employees reassigned from zones 1 and 3 to this country. It compensates an employee for expenses in relocating in a different zone. It is granted to staff employees and staff agents but not to contract personnel. Military personnel are not eligible. Payment is effected upon application by the individual upon his return to the United States.

c. The Temporary lodging portion of the home service transfer allowance is to reimburse the employee for expenses of temporary lodging (cost of hotel, motel, heat, light, fuel, gas, electricity, (if charged separately) upon arrival at a PCS post of assignment in the U.S. It provides for a maximum of 15 days for a single individual and 30 days for an employee with dependents, payable at a specific rate per person for each day, or actual expense, whichever is the lesser, not to exceed the date permanent quarters are occupied for more than the maximum period specified, whichever occurs first.

4A.12 OTHER ALLOWANCES

There are certain other allowances which do not in any way affect the payroll, but are mentioned here in order that they may not be confused with other allowances which do affect compensation. These other allowances include: Education Allowance [redacted] intended to assist in covering the cost of educating children of civilian personnel serving overseas; Clothing Allowances [redacted] which provides for uniforms and civilian clothing when requirements of the employment are such as to require wearing a uniform or special civilian clothing. Specific claims must be submitted for these allowances. They are not paid as part of the payroll process.

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Leave

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## CHAPTER 5. LEAVE ADMINISTRATION

### SECTION A. GENERAL RESPONSIBILITIES

#### 5A.01 RESPONSIBILITY FOR LEAVE RECORDS

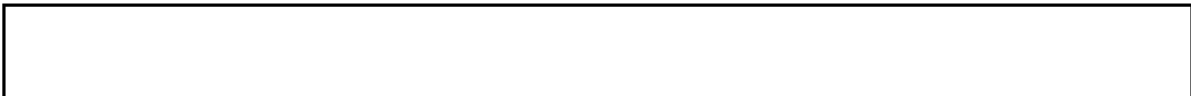
- a. Employees' supervisors and time keepers are responsible for approving leave, maintaining records of attendance and absences, and for obtaining employees' initials on the reports when appropriate, and for providing SF 71, Application for Leave, certifications, or other documents to support absences, advanced leave, periods of military training, etc.
- b. The Director of Personnel has final approving authority for requests for advanced sick leave, maternity leave in excess of six months, and for extensions of LWOP beyond 12 months.
- c. The payroll section is responsible for:
  - (1) Maintaining and posting leave records from time reports and other documentation of absences.
  - (2) Preparing a transcript of leave balances upon transfer of employees to other Agency payrolls or to another Federal Agency.
  - (3) Furnishing periodic reports of leave balances.

#### 5A.02 REFERENCES

Leave is a very broad subject to cover. Therefore, only fundamental information is outlined in the following sections of this chapter. For additional information refer to:

- a.  and supplement.
- b. Chapter L of Federal Personnel Manual. One section of the FPM on leave contains a reference table to all the leave laws which have been in effect over past years. Reference may be made to this schedule for effective dates of changes and specific provisions of leave for prior periods.

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## CHAPTER 5. LEAVE ADMINISTRATION

### SECTION B. LEAVE RECORDS

#### 5B.01 LEAVE RECORDS MAINTAINED

Personnel actions will serve as the basis for establishment of a leave record for each employee paid from confidential funds who is eligible for leave privileges. The record will be maintained on Standard Form 1137, Leave Record.

#### 5B.02 POSTING OF LEAVE

a. Time and attendance reports generally will be used for posting the leave record card. Absences will be posted currently in order to prevent over-payments. Annual leave and sick leave will be entered in the appropriate columns of the record and the cumulative totals carried forward. If the cumulative amount is greater than the total of the cumulative accruals plus the leave balances as forwarded from prior leave years, an adjustment will be required as explained below. When no leave was taken, a mark should be entered in the line for the appropriate bi-weekly period to indicate that a report for that period has been received and posted. All postings shall be made to the leave record for the year in which the leave was taken. Occasionally, an individual will take leave during a period of travel or take excess time to perform travel which excess is chargeable to leave. Such charges to leave will be reported to the payroll office by memorandum from the travel voucher auditor. These memoranda will be used to post leave as reported.

b. Adjustments for leave will be required and made as follows:

- (1) When annual leave is overdrawn, the excess will be charged to leave without pay.
- (2) When sick leave is overdrawn, the excess will be charged to annual leave and, if annual leave is not sufficient to cover, then charge the excess to leave without pay, unless advanced sick leave is granted and supported by an approved application.
- (3) When leave without pay occurs, the "Absence Without Pay" columns of the leave card will be posted and the employee's file flagged so that a payroll change notice may be immediately prepared to reflect

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the adjustment necessary in pay and show the exact time and period involved. Accurate records of LWOP are of additional importance as the total hours of LWOP may have the effect of deferring an employee's entitlement to a periodic step increase and/or the change in rate of leave accruals.

c. The minimum charge for annual and/or sick leave will be one hour. Absences will be charged in multiples of full hours. Fractional hour periods of absence one day cannot be accumulated and combined with fractional periods on the next calendar day to make a full hour.

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## CHAPTER 5. LEAVE ADMINISTRATION

### SECTION C. ANNUAL LEAVE

#### 5C.01 ANNUAL LEAVE ACCRUALS

- a. Employees are credited for annual leave after having been currently employed for a continuous period of 90 days under one or more appointments without a break in service. A separation of one or more work days constitutes a break in service. LWOP during the 90 day qualifying period is not a break in service.
- b. Annual leave accruals at the completion of each full bi-weekly pay period are as follows:
  - (1) One half day (4 hours) for employees with less than three years service.
  - (2) Three-fourths of a day (6 hours) for employees with 3 or more but less than 15 years of service, except that the accrual for the last full bi-weekly pay period of the year shall be  $1\frac{1}{4}$  days (10 hours).
  - (3) One day (8 hours) for employees with 15 or more years of service.
- c. Annual leave accruals for part time and "when actually employed" employees for whom there has been properly established in advance a regular tour of duty of one or more days during each administrative workweek shall be as follows:
  - (1) One hour at the completion of each 20 hours in a pay status for employees with less than 3 years of service.
  - (2) One hour at the completion of each 13 hours in a pay status for employees with more than 3 years but with less than 15 years of service.
  - (3) One hour at the completion of each 10 hours in a pay status for employees with 15 or more years of service.
- d. Any change in the rate of accrual of annual leave by an employee is calculated from the established service computation date and will take effect as of the beginning of the bi-weekly pay period following completion of the

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required period of service. Accruals are granted only for completion of full bi-weekly periods. No credit is granted for fractional pay periods except for a few very special cases. See the FPM.

#### 5C.02 MAXIMUM ACCUMULATIONS

a. An employee may, within the limitations stated herein, accumulate annual leave for use in succeeding years.

(1) A maximum of 30 days annual leave is permitted to accumulate except for employees overseas and certain other employees who had large balances of annual leave to their credit previous to this limitation becoming effective. 5C.02a(3)

(2) A maximum of 45 days of annual leave is permitted to accumulate for employees who are stationed outside of the United States and the District of Columbia. An employee serving abroad on a TDY Assignment is not entitled to the 45 day accumulation.

(3) Exceptions to the maximum accumulations in (1) and (2) above are permitted and annual leave will remain to the employee's credit until used under certain conditions as follows:

(a) When the amount of accumulated annual leave to the employee's credit immediately following the last complete bi-weekly pay period in calendar year 1952 (20 December 1952), or the corresponding pay period for an employee not paid on the basis of bi-weekly pay periods was in excess of the 30 or 45 days allowable under (1) and (2) above based on the provisions of leave law then applicable to the employee, or,

(b) When an employee who has been eligible for an accumulation of 45 days under paragraph b immediately above returns to the U.S. and becomes subject to the 30 day limitation under paragraph 5C.02a(1), above.

(4) When an employee has a carry-over balance in excess of either the 30 or 45 days maximums, but uses more annual leave than earned during a leave year, a new (reduced) carry-over balance is established. However, balances brought below the 30 or 45 days maximums may

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be increased to the appropriate maximum depending upon the employee's status.

#### 5C.03 ADVANCE ANNUAL LEAVE

In an emergency, an employee who has completed the 90 days qualifying period of service may be granted advance annual leave in an amount not to exceed that which he will have accrued at the close of the current leave year. If such leave is for some reason not earned by the close of the leave year, the employee is required to make a cash refund for the unearned leave, or an adjustment must be made in salary payments to recover the amount of such excess leave. A copy of the application for advanced leave approved by the Director of Personnel or his designee, must be received in the payroll office.

#### 5C.04 TERMINAL PAY OR LUMP SUM PAY FOR ANNUAL LEAVE

- a. When an employee is separated from the Federal Service, a lump-sum payment is made to liquidate annual leave to his credit which is not in excess of 30 days or the number of days carried over to his credit at the beginning of the leave year during which he is separated, whichever is the greater.
- b. If an employee who has received a lump-sum payment is reemployed in the Federal service (with certain exemptions) before expiration of the period covered by the lump-sum payment, he must refund to the Federal Agency an amount equal to the compensation covering the period between the date of reemployment and the expiration of such leave period. This refund must be at the rate used in calculating the lump-sum payment and in the gross amount, i.e., including taxes which may have been withheld by the separating agency. Leave represented by such refund will be credited to him by the employing agency only after complete refund.
- c. During entrance on duty processing, the Office of Personnel will ascertain whether a new employee has received a lump-sum payment for which a refund may be due and prepare Form No. 316, Refund of Lump-Sum Payment. See Comptroller Instruction No. 28 and Finance Division Operating Procedure on refunds and recredit of annual leave.

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## CHAPTER 5. LEAVE ADMINISTRATION

### SECTION D. SICK LEAVE

#### 5D.01 SICK LEAVE ACCRUALS

a. Full-time employees are entitled to sick leave accruals on the basis of one-half day for each full bi-weekly pay period. There is no qualifying period such as for annual leave. No credit is granted for fractional pay periods. Part-time and "when actually employed" employees for whom there has been established in advance a regular tour of duty of one or more days during each administrative workweek, are entitled to sick leave with pay which shall accrue on the basis of one hour for each 20 hours in a pay status.

b. Sick leave may be accumulated without limit and is available for use in succeeding years.

#### 5D.02 GRANTING OF SICK LEAVE

a. Approving officials of the Agency may authorize the use of sick leave in all bona fide cases. Accrued and accumulated sick leave to the employee's credit may be used for the following circumstances in accordance with Agency policy:

(1) When the employee is incapacitated for performance of duty because of sickness, injury, or pregnancy or confinement.

(2) For medical, or optical examination or treatment, when leave is approved in advance by the supervisor.

(3) When, through the exposure to contagious disease, the presence of the employee at his post of duty would jeopardize the health of others.

#### 5D.03 APPROVING OF SICK LEAVE

a. Absences of three workdays or less require the personal certification of the employee as to his incapacity for duty. This certification is made applicable by the employee's initialing the period of absence on the time report.

b. Absences of more than three workdays are required to be supported by medical certificate or other evidence

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administratively acceptable. If the employee was not attended by a physician, a statement by the employee explaining why the services of a physician were not obtained may be accepted in lieu of a medical certificate. A statement by the company making repairs or adjustments of prosthetic appliances for the employee may be accepted in lieu of a medical certificate.

5D.04 REPORT OF SICK LEAVE TO MEDICAL STAFF (WASHINGTON AREA ONLY)

a. Upon return to duty from sick leave an employee in the Washington Area who has taken more than three consecutive workdays of sick leave will report his absence to the Medical Staff by completing Form No. 71, Application for Leave. If SF-71 has been used to obtain the medical certificate required by 5D.03b above, an additional copy will be prepared; the medical certificate and the signature of the approving official are not required on the additional copy, however.

b. Other requirements of the Agency include:

(1) Employees absent on sick leave for a contagious disease will report in person to the Medical Staff, prior to return to duty.

(2) Employees who are returning to duty from sick leave of three calendar weeks or more will report to the Medical Staff for examination.

c. Administrative Officers or other personnel responsible for maintaining employees' time and attendance records are expected to remind employees of the requirements in 5D.04a and 5D.04b when they return to duty from a period of sick leave.

5D.05 ADVANCE SICK LEAVE

a. In case of serious illness or disability, an advance of sick leave may be granted not to exceed 30 days. Applications for advance of sick leave, accompanied by a certificate from the attending physician must be forwarded to the Office of Personnel by the employee's office of assignment. The advance of sick leave may be granted or the leave records adjusted only upon receipt of a copy of the application for the advance approved by the Director of Personnel.

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(1) Advance of sick leave is charged to sick leave which will accrue to the credit of the individual.

(2) An advance of less than 8 hours will not be made to an individual who has sufficient annual leave to his credit to cover such request.

(3) An individual who has exhausted his sick leave may be granted a blanket authorization to cover recurring need for advances for sick leave which will accrue to him during the current leave year and if warranted by the circumstances up to 30 days.

(4) Unliquidated balances of advanced sick leave will be settled upon separation as follows:

(a) The amount paid for the unliquidated balance which cannot be covered by annual leave, must be refunded unless the separation is due to:

(a) Death; (b) retirement for disability, or  
(c) inability to return to duty because of disability, evidence of which is supported by an acceptable medical certificate.

#### 5D.06 SUBSTITUTION OF SICK FOR ANNUAL LEAVE

When a period of sickness occurs within a period of annual leave, sick leave may be granted to cover the period of illness, which must, upon approval, be charged on the leave record card. Applications for such substitutions must be made within two workdays after return to duty. Absences in excess of three workdays must be supported by a medical certificate, or other evidence administratively acceptable.

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## CHAPTER 5. LEAVE ADMINISTRATION

### SECTION E. MATERNITY LEAVE

#### 5E.01 MATERNITY LEAVE

When an employee becomes incapacitated for performance of her duties because of pregnancy and confinement, she may be granted maternity leave, usually not in excess of six months which may include sick leave, annual leave, and leave without pay. When the employee does not intend to return to work following pregnancy, she must resign but she will be permitted to use accrued sick leave to her credit prior to the effective date of resignation upon proper medical certificate. Personnel notifications will be sent to the payroll office evidencing extended periods of maternity leave which have been approved.

### SECTION F. MISCELLANEOUS ABSENCES AND TRANSFERS OF LEAVE

#### 5F.01 MILITARY LEAVE

- a. Military leave for training purposes only, not to exceed 15 calendar days in any one calendar year may be granted with pay and without charge to annual leave to members of reserve components of the armed forces of the U.S. Saturdays and Sundays are included in the 15 calendar-day period only when such leave includes the preceding Friday and the following Monday.
- b. Approved absences may be granted to members of the National Guard of the District of Columbia when ordered to report for parade or encampment duty.
- c. A copy of the SF 71, Application for Leave, and a copy of the individual's military orders will be attached to the time and attendance report for the period which first includes any part or all of the military leave.

#### 5F.02 COURT LEAVE

- a. A full-time or "when actually employed" employee for whom there has been established in advance a regular tour of duty of one or more days during each administrative workweek, who attends court as a witness on behalf of the United States or the government of the District of Columbia, or for jury duty in a State, District of Columbia, or Federal Court, is

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entitled to his regular pay while absent from duty, and no charge for leave is made. Evidence of attendance at court and evidence of receipt or non-receipt of fees is required. Applications for court leave are processed in the same manner as applications for advance annual leave.

b. Employees who serve as witnesses or jurors and are granted court or official leave will surrender to the appropriate payroll office fees received from courts for days on which the employee normally would have worked. The District of Columbia does not pay jury fees to Federal employees called for this duty.

c. Annual leave or LWOP will be charged when an employee is absent from duty because of private litigation. Court leave to serve as a witness can only be granted if the value of the employee's testimony arises from his official capacity.

#### 5F.03 ABSENCE FOR REGISTRATION AND VOTING

Employees may be granted a reasonable period of time off to vote without charge to leave, but in no event may it exceed one workday for each election or registration period. This authority extends to those employees who desire to vote at communities where they maintain voting residence, except where voting by absentee ballot is permitted. Additional time required for travel to or from the place of voting will be charged to annual leave or if annual leave is exhausted, to LWOP.

#### 5F.04 LEAVE WITHOUT PAY

a. Leave without pay will be charged to an employee when the time absent exceeds the available leave to his credit. All leave without pay resulting from conversion of annual or sick leave applications or from other absences shall be recorded on the leave record. When a period of absence extends to 30 days or more, the payroll office will notify the Office of Personnel so that appropriate personnel documentation may be issued. An employee on LWOP by official personnel action will not be restored to a pay status until the LWOP action has been superseded showing an actual return to duty. Generally, extended periods of LWOP will be applied for in advance and a personnel notification issued as notice to the payroll office.

b. A reduction is made in leave accruals granted for each period or periods of LWOP which total 80 hours,

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or multiples thereof, since leave accrues only for each full biweekly period completed. For example, an individual who takes LWOP totaling 80 hours loses 1 biweekly accrual of sick and annual leave. Additional LWOP may be taken up to 79 hours (80  $\neq$  79) without affecting accruals. However, if the total reaches 160 hours of LWOP, accruals are lost for two biweekly periods. Periods of LWOP in excess of 80 hours also defer the effective date for periodic step increases by one biweekly pay period for each unit of 80 hours LWOP, or fraction thereof. See 11A.03

#### 5F.05 PHYSICAL EXAMINATION FOR MILITARY SERVICE

When an employee is about to enter the armed services of the U. S. under the Universal Military Training and Service Act, he may be administratively excused from duty for one work day for the purpose of submitting to the preinduction physical examination. The absence is granted without loss of pay or charge to either annual or sick leave.

#### 5F.06 TRANSFER OF LEAVE BALANCES

a. When an employee transfers between Federal agencies, his annual and sick leave balances may be transferred when both agencies are under the same leave system. If the leave cannot be transferred, the annual leave will be settled as a lump sum payment. (11C.01) The employee has no option in the matter, i.e. his leave is either transferred when possible or settlement made as a lump sum. Transfers of leave balances between agencies are accomplished by use of SF 1150, Record of Leave Data Transferred. When the personnel action indicates transfer of an employee to another Federal agency under the same leave system, the losing payroll unit will prepare SF 1150 for forwarding through channels to the gaining agency. When an SF 1150 is received from another agency on account of an employee transferring to this Agency, the leave record will be established based upon the balances shown on the SF 1150 received.

b. When an Agency employee is transferred from one payroll unit to another (within the Agency) the losing payroll unit will prepare and forward immediately to the gaining unit an official transcript of the individuals' leave record as of the effective date. SF 1137, Leave Record, will be used for this purpose. If the leave transcript cannot be prepared and forwarded promptly, Agency Form 1248, Interim

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Notice - Leave Balances, will be prepared. Refer to Comptroller Instruction Number 50 for details on intra-Agency transfers of leave records.

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## CHAPTER 5. LEAVE ADMINISTRATION

### SECTION H. "STANDBY" SERVICE

#### 5H.01 LEAVE FOR "STANDBY" EMPLOYEES

Special needs of the Agency require that certain groups of employees such as firefighters be assigned to unusual tours of duty longer than 40 hours per week. In lieu of over-time compensation for the extra hours, they may receive a fixed percentage of their basic salary. They are required to be available for duty in a "standby" capacity even though no actual work may be performed. Employees in this category will accumulate leave and will be charged leave on a different basis than set forth in this chapter. Terms of the agreement by which the salary differential is paid will govern the rate of leave accruals and rate of charges for absences for these individuals, as well as the rates for converting standard leave credits to the special category.

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## CHAPTER 6. PAYROLL PROCEDURES - STAFF EMPLOYEES

### SECTION A. INTRODUCTION TO PROCEDURES

#### 6A.01 PAYROLL GROUPS OR UNITS

Staff employees are divided into three general categories for processing of payrolls and maintenance of payroll records as follows:

- a. Headquarters - Employees permanently assigned to Headquarters and those temporarily at Headquarters pending assignment.
- b. Field - Employees on permanent assignment to an overseas station. This group is subdivided into groups by geographic location.

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References will be made to these groupings as necessary to identify procedures which apply to a specific group, rather than to all staff employees.

#### 6A.02 PAY PERIODS AND PAYDAYS

Staff employees' pay and allowances are computed on the standard bi-weekly pay period, but for purposes of administrative convenience, two bi-weekly pay periods are combined for making one salary payment, hence payday is every four weeks. This results in 13 pay periods in a calendar year for staff employees paid from confidential funds. Paydays are scheduled for the 10th workday following the end of the second bi-weekly pay period. Pay periods for other individuals paid from confidential funds may be four weeks, monthly, bi-weekly, or other special period consistent with their cover status, or as stated in their contract or employment agreement.

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#### 6A.03 TIME AND ATTENDANCE REPORTS

a. Hours worked and hours absent for staff employees at Headquarters are reported on Form 20a, Confidential Funds Departmental Time and Attendance Report. Form 764, Field Duty Status Report, is used for staff employees in the field. Reference to a "time and attendance report" in these procedures will be used as a general reference to either report form whichever is appropriate for the type of employee for whom time is being reported.

b. The payrolling process for employees paid from confidential funds is different from a normal payroll process which provides that a time and attendance report must be submitted to the payroll unit before a payroll is prepared. The payroll for a confidential funds salary payment is prepared and the amount of the pay check is determined before the end of a pay period and prior to the actual receipt of a time and attendance report for the period.

c. Salary checks for Headquarters' employees are not released until a time and attendance report has been received and the pay verified. Thus, certain items of compensation (premium pay especially) are paid or adjusted in subsequent pay periods.

d. Time and attendance reports for Headquarters employees are due in the payroll office by 1500 hours of the Monday following the end of each four week period. Field duty status reports are required to be completed and forwarded to Headquarters within 3 workdays after the close of a four-week period. However, several days (or weeks) may elapse before the reports are actually delivered to the Headquarters payroll unit due to time required to forward mail pouches from different field stations situated throughout the world. Time reports must be posted to the leave records promptly upon their receipt and action scheduled as necessary to adjust the payroll for the next pay period to reflect adjustments required. Leave without pay, separations, and changes in allowance entitlements, etc., make it necessary at times to cancel the pay check and withhold all pay pending clarification of the status of the individual. Preparation of a substitute pay check for a corrected amount may be necessary. Corrections and adjustments in pay under certain conditions can be made during a subsequent pay period without the need to cancel a pay check already drawn. Circumstances of a particular case will govern whether the check must be canceled or whether the adjustment may

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be deferred and be made during the next pay period. In any event, action must be taken promptly to correct the current salary payment, or when permissible, proper notation must be made on the individual's pay file to provide for subsequent action.

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#### 6A.04 PAYROLL DOCUMENTATION

a. All actions affecting an employee's pay shall be based upon receipt of proper authority, in writing. A notification of personnel action is required before any employee may be paid, have his basic salary rate changed, or be separated. Time and attendance reports provide a record of time worked for premium pay. Approved forms, applications, claims, notifications, etc., are required in support of allowances, post differentials, exemptions for tax withholding, allotments of salary, etc. Pay may be suspended temporarily by placing an individual in "status undetermined", upon notification that formal documents are in process of preparation or are being forwarded to the payroll office. However, receipt of the appropriate documentation is required before effecting an action on the payrolls. Refer to Chapter 12 for general information on forms used in payroll activity.

b. The payroll unit has an important responsibility to all employees payrolled to process as promptly as possible all documents received. Employees count upon being paid with regularity. Any interruption should be carefully considered as to the financial effect on the security and cover of the

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through correspondence to inquire about their pay. Adequate explanations on payroll change notices of actions taken are important so that employees may know of and understand all changes made. Prompt action and adequate explanations avoid unnecessary correspondence which interferes with payroll work.

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## 6A.05 PAYROLL CYCLES

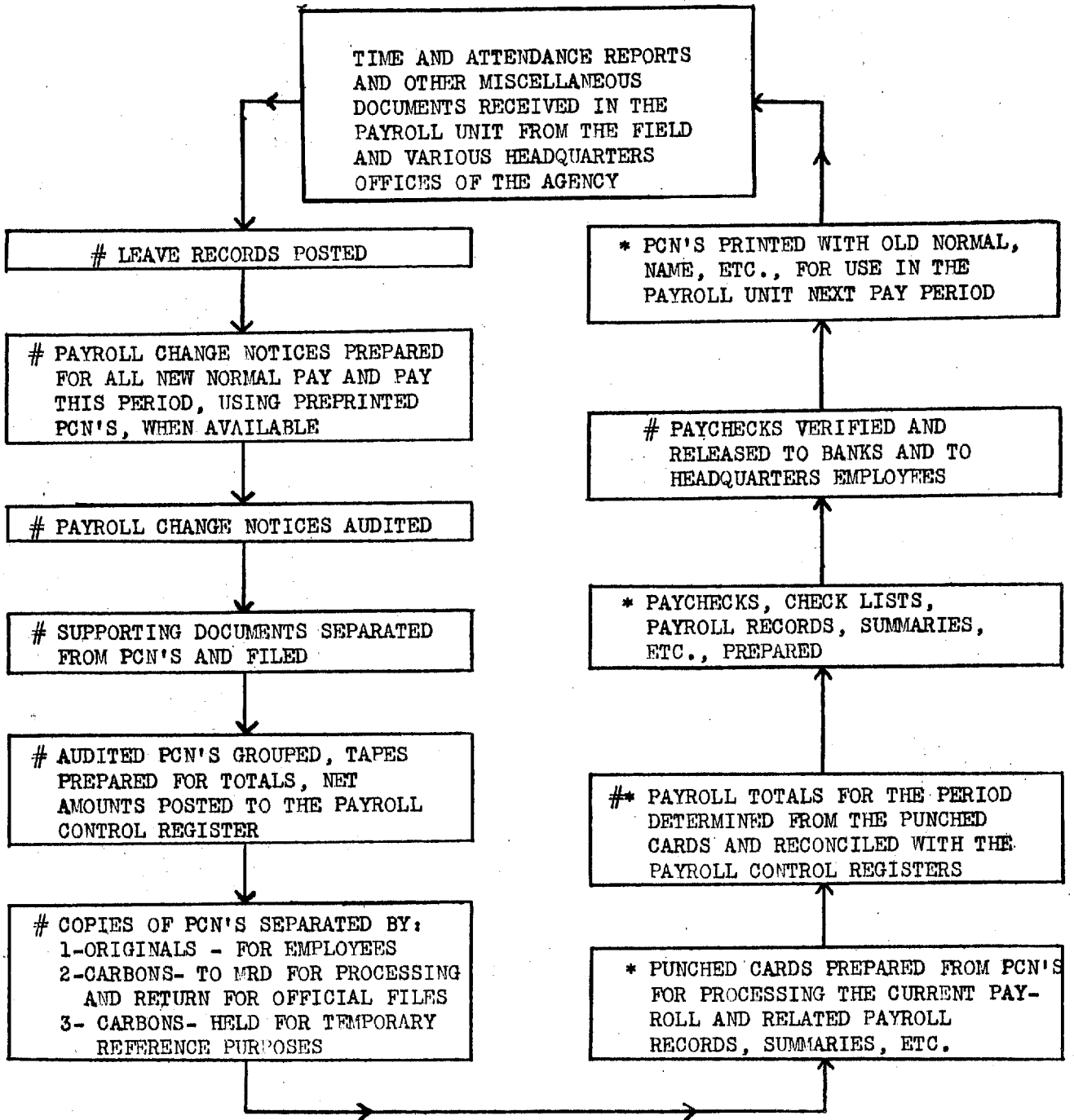
The steps for preparing a payroll each pay period usually follow a pattern and sequence which may be called the "payroll cycle". Exhibit 6A.05 outlines the important steps in payroll processing from the time documents affecting pay are received and acted upon until the paychecks have been prepared and released. Functions to process one payroll may overlap some of the functions to process the next one. For example, preparation of new payroll actions for the net pay period usually will be commenced before the paychecks are issued for the prior pay period. The Exhibit includes reference to the basic steps in the processing of a payroll performed by Machine Records Division in addition to the steps performed by the payroll unit to provide an understanding of the interrelationships of all functions.

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EXHIBIT 6A,05

T H E P A Y R O L L C Y C L E



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CHAPTER 6. PAYROLL PROCEDURES- STAFF EMPLOYEES  
SECTION B. BASIC PAYROLL RECORDS

6B.01 GENERAL

Specific documents and files are required for each employee on the payroll in order to control the normal earnings, deductions, and net salary amounts and all changes made each pay period. A permanent record is necessary for leave accrued and used. A summary of service with the Agency and withholdings for retirement must be kept for eventual use by the Civil Service Commission. A specific place must be provided in which to assemble for future reference all the documents used in support of payroll actions affecting an individual's pay. Therefore, upon receipt of a personnel action assigning a staff employee to a confidential funds payroll, basic records and a file will be prepared as described in this Section.

6B.02 PAY RECORD

Form No. 33-24, Employee's Normal Pay Record, will be prepared and maintained for each individual assigned to a staff employee payroll unit. All blocks on the pay record card will be completed which are pertinent for the individual case. The "normal" pay will be computed and entered. This will be the same as the "new normal" pay line of the first payroll change notice which will be prepared to place the individual in pay status. The pay record card is the control record for the employee's normal pay and is retained in the payroll unit. ONLY AMOUNTS AFFECTING NORMAL PAY ARE ENTERED ON THE PAYROLL RECORD CARD. A change in any part of the normal pay will be recorded on the card as a completely new entry and the previous normal pay marked out by drawing a light line through it to indicate that it is superseded. The last entry thus represents the normal pay currently in effect. A PCN must be prepared at the time of any change to give effect to the change in the actual payroll preparation.

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### 6B.03 LEAVE RECORD

Form 1137, Leave Record, will be prepared for each employee. This will record the employee's leave accruals, absences on annual leave, sick leave, or leave without pay, balances of leave forwarded from prior years, and maximum accrual amounts when applicable. Compensatory time earned and compensatory time off (compensatory leave) granted in lieu of payment of overtime will be recorded for Headquarters personnel. The service computation date shown on the personnel notification, (Form 1150) will determine the initial leave category and rate of annual leave accruals. A calculation will be made of the employees' service to determine the effective date of the next leave category and the date noted on the leave record for the year in which a new category is effective. Absences, as reported on the time and attendance reports, will be recorded on a bi-weekly basis. The record of LWOP is essential when verifying an employee's entitlement to a periodic step increase. Refer to Chapter 5, Section B, Leave Records.

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#### 6B.04 RETIREMENT RECORD

Form 2806, Individual Retirement Record, will be prepared for each employee subject to the Civil Service retirement system. Coverage is indicated on the Form 1150. The record of the employee's service with the Agency is entered on one side of the card and the fiscal record of retirement funds withheld from the individual's basic salary paid by CIA is entered on the other side. Refer to 10B.01 for information on the postings to this card and its

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#### 6B.05 FILE FOLDER

A file folder will be prepared with the employee's name and index (payroll control) number on the tab. The name must be the same as on the Form 1150. The file folder will be used for accumulating and retaining copies of documents substantiating payroll actions, annual records of earnings, payroll change notices, copies of Forms 1150, W-2's, D-4's or D-4A's, cables, memoranda, Foreign Duty Data Sheets, Residence and Dependency Reports, employee's authorizations for allotments of salary, etc. The leave record eventually will be placed in this folder. All documents should be fastened securely to prevent their loss.

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## CHAPTER 6. PAYROLL PROCEDURES - STAFF EMPLOYEES

### SECTION C. PAYROLL CONTROL REGISTER

#### 6C.01 PURPOSE

The payroll control register is based upon the establishment and maintenance of a payroll unit "normal" pay. It provides a means for securing an independent summary of totals of each element of the payroll to insure the accuracy of payroll change notices prepared in the payroll unit. The payroll details as prepared on punched cards for machine record purposes are reconciled by means of the Register. The details of the payroll control register consist of column headings equivalent to each column (and code) on a Payroll Change Notice. The "normal" pay represents the total earnings and deductions for all employees assigned to a specific payroll unit or block for a full pay period. Once established, the "normal" payroll figures are changed only by a PCN which permanently alters an employee's earnings, allowances, or deductions as reflected by the "new normal" entry. Change notices issued for a specific "pay this period", (other than "normal") such as for basic salary for less than a full period, overtime, etc., are applicable to the control register totals only for the particular pay period for which the PCN's are issued.

#### 6C.02 COMPUTING AMOUNTS FOR THE REGISTER

To establish a control register, all pay cards for a "block" or unit of employees to be controlled will be inventoried and a controlled register of names prepared. Totals will then be prepared of all money amounts on the pay cards of "normal" pay for the individuals on the roster. The total amounts thus obtained represent the "normal" earnings, withholdings, deductions, allowances, net pay, etc. These amounts are entered on the control register as "normal" pay in the appropriate column and by code.

#### 6C.03 PAYROLL CHANGE NOTICES FOR CURRENT PAY PERIOD

All money amounts in each of the spaces for each line of audited PCN's will be taped by adding machine for a block of approximately 25 PCN's. One set of tapes will represent the "new normal", and the third set of tapes prepared will represent the "pay this period" amounts. Totals for each line of the batch of PCN's must balance in the same manner that an individual PCN is proved after computations are complete, i.e. gross earnings less deductions, plus allowances, less allotments, must equal the net amount paid.

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#### 6C.04 POSTING OF PAYROLL CHANGE NOTICE AMOUNTS

Net amounts are posted to the payroll control register as determined from the summary totals (tapes) for each group (or block) of PCN's. The "previous normal" totals are subtracted from the corresponding column totals of "new normal". Only the net difference will be entered. The result becomes the "new normal" for that particular pay period. The "new normal" for the period will be carried forward and becomes the "old normal" for the next pay period. The totals of the previous normal for a group of PCN's are deducted from the respective column totals of the "pay this period" for the group. This difference represents the "pay this period" on the control register. After all groups of PCN's have been processed for the pay period and the net changes posted to the control register as described, the various columns of the register will be totaled and proved.

#### 6C.05 RECONCILIATION OF THE REGISTER

The Machine Records Division prepares punched cards for the data on each group of PCN's and reconciles the punched cards for each such group. Summary is then prepared by MRD for the totals of all PCN's and for each unit of the total payroll. The totals on the Payroll Control Register for each block of employees will be reconciled with the equivalent totals for each block as determined by MRD for the period before the payroll is processed to completion. Discrepancies usually are readily apparent as existing within a given group of punched cards or PCN's which facilitates finding the actual difference and making the correction as necessary.

#### 6C.06 BALANCE FORWARDED FOR SUBSEQUENT PAY PERIODS.

Final totals for the new normal pay at the end of one pay period become the opening balances of "normal" pay at the start of the next pay period as well as for the "pay this period" portion of the control register. Totals must be in balance with the current "normal pay" as reflected on the pay record cards for the control group. Periodic verification is advisable to insure that all pay cards are accounted for and that the amounts used on the control register are correct.

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## CHAPTER 6. PAYROLL PROCEDURES - STAFF EMPLOYEES

### SECTION D: PAYROLL CHANGE NOTICE

#### 6D.01 PURPOSE

The Payroll Change Notice (PCN) provides a means for transmitting data to each employee on all changes in normal pay and deviations from the normal which affect the "pay this period". Machine Records Division prepares punched cards from a copy of the PCN for mechanically processing the payroll, supporting records, pay checks, etc. Summary totals taken from PCN's provide the basis for changes in the Payroll Control Register for the normal pay and pay for the current period. Copies of each PCN are placed in the employees' files as a permanent record.

#### 6D.02 PREPARATION (General)

- a. The Payroll Change Notice, Form No. 218, is prepped by typewriter or ball-point pen in an original and two copies. The form is provided in sets of an original and two copies assembled with preinserted carbon paper. Details of the "new normal" pay will be taken from the pay card for an employee assigned to a confidential funds payroll for whom a PCN is being prepared for the first time in order to establish the payroll records. The "pay this period" may or may not be the same as the "normal", but it usually is necessary to make a specific calculation of the "pay this period". After the initial PCN has been prepared with a "normal" pay and MRD has punched cards for mechanically preparing payroll records on the individual, a PCN for the next and each succeeding pay period will be preprinted by machine and furnished to the payroll unit for use in making specific adjustments to the "pay this period", or for revising the "normal" pay.
- b. The PCN prepared by MRD includes information on the normal pay under "old normal", the individual's name, number, allotment, roll number, and the appropriate dates of the next pay period. Unless a change is to be made, the individual will be paid the "normal" as shown on the machine-printed PCN for that period. This is accomplished by MRD as a part of the mechanical processing phase of the payroll. The last issued PCN "normal pay" remains in effect until changed by a new PCN. The preprinted copy of a PCN will be destroyed and will not be filed when it is not used to effect a change in normal pay or to make an adjustment in the "pay this period". The preprinted copy may be used to effect payment of premium pay such as overtime. MRD processes a PCN for premium pay for the current pay period and combine the amounts with the machine record of the amounts of normal pay for the individual and prepares a check for the total amount of pay due for the period.

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c. Coding of amounts of the PCN when more than one type of transaction must be included in the same column is an important part of preparing a PCN. For example, there are three types of insurance deductions which must be distinguished from each other. Standard codes adopted to identify amounts shown on PCN's are as follows:

CODE	SALARY
1.	REGULAR SALARY
3.	TEMPORARY EMPLOYEE OR CONSULTANT
5.	LUMP SUM LEAVE PAYMENT
X.	CONTRACT EMPLOYEE

CODE	OTHER SALARY
4.	NIGHT DIFFERENTIAL
7.	SALARY DIFFERENTIAL
8.	OVERTIME & HOLIDAY PAY

CODE	INSURANCE DEDUCTIONS
3.	WAEPA
4.	FEGLI
7.	OTHER

CODE	OTHER DEDUCTIONS
1.	CREDIT UNION
2.	ADVANCE ACCOUNT
3.	OVERPAYMENT
4.	ACCRUED EARNINGS OR CANCELLED CHECKS
5.	VOUCHERED PAYMENT
7.	REFUND OF UNEXPIRED TERMINAL LEAVE
8.	QUARTERS

The above codes are printed on the back of the original copy of Form 218. In addition to the foregoing, a "V" will be used to indicate District of Columbia withholding tax in the Tax column to distinguish it from a Federal tax withholding. Designation of fiscal year for charging of salary to the proper allotment is accomplished by inserting near the salary amounts the last two digits of the fiscal year enclosed in parenthesis, as "(59)" to indicate 1959 fiscal year. Undesignated amounts are automatically charged during the mechanical processing of the records to the fiscal year current with the pay

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period in which the payment is made. Payments for a prior fiscal year period, for example, overtime for May and June paid during July, must be coded for charge to the prior fiscal year. MRD prorates by mechanical means all pay periods which overlap two fiscal years, but a fiscal year designation must be made for all other salary on the PCN. An "X" is used in the retirement column to designate amounts for which no matching amount must be contributed by the Agency. See 10A.01. Beginning with pay after 30 June 1957, each Agency was required to deposit to the retirement fund an amount equal to the amount withheld from each employee.

d. Preparation of more than one PCN for the same individual during a single pay period is not unusual. Documents received at different times of the pay period frequently result in this situation. All actions should be processed as rapidly as possible rather than delaying work on an action because of the possibility that something else might be received later. When working a second PCN, care must be exercised to compare the action with the prior PCN, as each new PCN supersedes a previous one if "normal pay" is concerned.

e. All PCN's must be proven for accuracy. The three items under the caption of Salary (Regular, Diff., and Overtime), are considered as PLUS amounts. Deduction items are MINUS amounts. Allowance items are also PLUS amounts. Verification of each line of a PCN is accomplished by taking the total of the Salary items, subtracting the Deduction items, adding the Allowance items, and subtracting the amount Paid at Station, if any. The net result must equal the amount paid as shown in the last column.

f. In some cases, it is necessary to make entries which have the effect of reversing previous actions and cause "credit" or "red" entries to be made in the payroll records. When adjustments are necessary and are in reverse to the usual concept of one of the amounts entered on the PCN, the amount of such adjustment will be circled to indicate that it is to be given different treatment in the records. Thus, a circled money amount in the Salary columns signifies a deduction from other amounts in those columns. This is illustrated in the PCN examples. The use of the circle designates a "credit" entry on all carbon copies as well as the original without use of red pencil or ink.

g. The preparation of PCN's covers a wide variety of situations and combinations of circumstances. Examples with explanatory notes, have been provided as guides for

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the common situations encountered. Short cuts may be used to prepare certain specific types of PCN's, but these are omitted in order to avoid confusion. Shortcuts which may be appropriate for use should be designated by the unit supervisor.

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#### 6D.03 AUDITING, NUMBERING, AND DISTRIBUTION

a. Each completed PCN, with all supporting documents attached, including the pay card, will be audited by an individual designated for that purpose. The person preparing a PCN should never audit his own work. The purpose of the audit by another individual is to insure the accuracy of the computations, the appropriateness of the action, and the adequacy of explanations under the "Remarks". Supporting documents will be detached after the audit and sent to appropriate files. The PCN will be assigned a number by the Auditor and the copies of the PCN separated. The original is returned with the pay card to the pay clerk responsible for the individual. The first carbon copy is for Machine Records Division. The second carbon copy is held temporarily by the unit supervisor for control purposes and reference until after the end of the pay period. This second carbon copy eventually is destroyed. The MRD copies of audited and numbered PCN's are assembled in units of about 25. These groups, or batches of PCN's are then totaled and summarized for the Payroll Control Register as described in 6C.02.

b. The original copy of the PCN will remain attached to the pay card until after the end of the pay period when it is detached and sent to the employee. Employees at Headquarters receive their copies of PCN's through their administrative officers at the time the checks are distributed or mailed

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#### 6D.04 EXAMPLES OF PAYROLL CHANGE NOTICES

(To be provided)

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Deductions

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## CHAPTER 7. DEDUCTIONS, RECOVERIES, AND ALLOTMENTS

### SECTION A. RETIREMENT CONTRIBUTIONS

#### 7A.01 AUTHORITY

A deduction from basic salary paid is mandatory by law on behalf of the retirement fund. The personnel notification indicates whether or not an individual is subject to retirement deductions. See Chapter 10, Civil Service Retirement and Disability Fund, for details on retirement records, rate of deduction, and method of computation. For employees paid a salary based on the Classification Act of 1949, as amended, the retirement is computed on the basic rate. For ungraded employees paid a wage established by wage boards, the computation of retirement will include the amount of night differential paid to an employee who is regularly assigned to a tour of duty which entitles him to night differential. Premium pay and allowances are excluded in computing retirement deductions.

#### 7A.02 ADJUSTMENTS OF DEDUCTIONS

Adjustments of retirement may be required as a result of overpayments, underpayments, or errors in computation of the correct deduction. Errors should be corrected as soon as possible as explained in 10C.04.

#### 7A.03 AGENCY CONTRIBUTION TO RETIREMENT FUNDS

The Agency is required by law to make a matching contribution to the retirement fund since June 1957. (10A.01) This represents an expense for the Agency. The amount required to be contributed by the Agency is computed by Machine Records Division and is distributed to the various allotments from which the employees are paid. No payroll action is required.

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## CHAPTER 7. DEDUCTIONS, RECOVERIES, AND ALLOTMENTS

### SECTION B. SOCIAL SECURITY TAX DEDUCTIONS (FICA)

#### 7B.01 AUTHORITY

Employees are subject to social security tax deductions as provided by the Federal Insurance Contributions Act (FICA), if they are not covered by the Civil Service Retirement Act. See Chapter 9, Section B, for additional information on rate and coverage.

#### 7B.02 COMPENSATION SUBJECT TO TAX

All compensation subject to Federal income tax is also subject to the social security tax, up to the maximum limitation currently in effect. When the compensation paid for the year exceeds the limitation, the deduction is discontinued for the remainder of the tax year but are resumed with the beginning of the next year. See 9B.03.

#### 7B.03 ADJUSTMENTS OF DEDUCTIONS

Adjustments of tax deductions are not made on behalf of the employee on account of tax deductions which may have been made by a previous employer even though the total compensation received or to be received by the employee may exceed the limitation on which deductions are based. Adjustments for administrative errors will be made if the employee is still on the rolls and if within the same tax year. An underdeduction must be collected from the employee and remitted to Internal Revenue Service even though the tax year may have been closed. A revised W-2 will be given to the employee to show the revised amount of social security taxes withheld and any revisions in amount of compensation paid. Refunds due an employee because of excessive deductions will be settled by the Internal Revenue Service on the basis of the employee's income tax return.

#### 7B.04 AGENCY CONTRIBUTIONS TO SOCIAL SECURITY

Each employer is required to contribute to the social security benefits fund a sum equivalent to the amount deducted from the employee's wages. The amount contributed by the Agency is computed by Machine Records Division and distributed to the various allotments from which employees are paid. No action is required by the payroll unit.

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## CHAPTER 7. DEDUCTIONS, RECOVERIES, AND ALLOTMENTS

### SECTION C. FEDERAL INCOME TAX WITHHOLDINGS

#### 7C.01 AUTHORITY

Employers are required by law to withhold the tax from all taxable compensation. Taxable compensation includes basic salary, overtime, night differential, holiday pay, salary differential for overseas duty at hardship posts, payment of a cash award for an employee's suggestion, and payment of a cash award for language proficiency. Allowances are excluded from taxable income of staff employees.

#### 7C.02 COMPUTATION OF THE DEDUCTION

Amounts to be withheld from compensation are determined in accordance with rates and withholding schedules published in Circular E, Revised, Employer's Tax Guide, issued by the Internal Revenue Service and in current salary tables issued by GAO. W-4, Employee's Withholding Exemption Certificate, will be used to determine the number of exemptions claimed by an individual. In the absence of a W-4 on file, deductions will be computed on the basis of "Zero" number of exemptions. No adjustment will be made for overdeductions due to the non-receipt of a W-4 by the payroll office. See 9A.03 pertaining to exemption certificates.

#### 7C.03 SPECIAL HANDLING FOR PAYMENTS ON BEHALF OF DECEASED EMPLOYEES

Tax deductions are made from compensation paid to living employees. Compensation due to the heirs or to an estate of a deceased employee is paid without deductions for income taxes. It is the responsibility of the heirs or the administrator of the estate to file an appropriate tax return and make payment of Federal income taxes due on the compensation paid the employee while living and the compensation paid after his decease during a particular tax year.

#### 7C.04 ADJUSTMENTS OF TAXES WITHHELD

As long as the employee is still on the rolls and within the current tax year, adjustments of taxes may be made for administrative overpayments and underpayments of compensation. Adjustments of taxes will not be made for overdeductions or underdeductions due to an employee's failure to file a W-4 or to file an amended W-4. For other adjustments see 9A.02.

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## CHAPTER 7. DEDUCTIONS, RECOVERIES, AND ALLOTMENTS

### SECTION D. DISTRICT OF COLUMBIA TAX WITHHOLDINGS

#### 7D.01 AUTHORITY

Employers are required by law to make a deduction from compensation paid to residents of the District of Columbia who are employed in the District. Government agencies are required to withhold the tax based on an agreement between the U.S. Treasury and the District of Columbia.

#### 7D.02 COMPUTATION AND LIABILITY FOR DEDUCTIONS

Each employee of the Agency at Headquarters and living in the District is required to file an exemption certificate D-4, declaring residence and the number of exemptions claimed for purposes of computing the tax. Each employee at Headquarters not residing in the District is required to file a D-4A for exemption from the tax by reason of his not residing in the District. Failure to file a D-4 by a new or transferred employee will defer the making of any deduction until a request can be made to the Office of Personnel to obtain a certificate. The latest certificate on file will remain in effect until a new certificate is received. See Chapter 9, Section C for supplemental information. Rates and tables for tax deductions will be found in a pamphlet issued by the District, entitled, District of Columbia, Income Tax Withholding Instructions for Employers. See also, Comptroller Instruction No. 35, Revised, District of Columbia Tax Withholdings.

#### 7D.03 SPECIAL HANDLING FOR PAYMENTS ON BEHALF OF DECEASED EMPLOYEES

The District Tax is not withheld from compensation due to the heirs or the estate of a deceased employee. Information contained in 7C.03 for Federal tax withholdings also applies to District tax.

#### 7D.04 ADJUSTMENTS OF TAXES WITHHELD

Adjustments may be made currently for erroneous payments during the current tax year. Adjustments (refunds) of taxes withheld will not be made because an employee moves from the District during a tax year with less than seven months residence. Adjustments will not be made for over or underdeductions due to an employee's failure to file a D-4 or D-4A, or a corrected D-4. Such adjustments will be settled between the employee and the District of Columbia.

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## CHAPTER 7. DEDUCTIONS, RECOVERIES, AND ALLOTMENTS

### SECTION F. FEDERAL EMPLOYEE'S GOVERNMENT LIFE INSURANCE (FGLI)

#### 7F.01 AUTHORITY AND COVERAGE

By law, all eligible employees, except for those who waived the insurance were automatically insured, effective with the first day of the first pay period after 28 August 1954. All employees entering on duty with the Agency will be automatically covered under the plan unless they specifically choose to waive the insurance and complete Standard Form 53, Waiver of Life Insurance Coverage. This form will be filed in the Office of Personnel and notice will be sent to the payroll office that a waiver is on file. If the waiver is in effect at the time of preparing the appointment action a note will be made on the Form 1150 indicating that insurance has been waived. The insurance may be waived at any time by an employee completing a SF 53. The employee has the election to either accept the entire insurance coverage or waive all of it, but he cannot elect to take a limited amount of coverage.

#### 7F.02 EXTENT OF COVERAGE AND DETERMINATION OF DEDUCTION

a. Each covered employee is insured in an amount which approximates his annual salary but extends to the nearest thousand dollars above his actual annual rate, unless the rate is an even thousand dollars as \$8,000. For example: if an employee's annual income is \$4,800, the insurance coverage is \$5,000. The employee's contribution to the cost of the insurance is at the rate of \$.25 per thousand dollars of coverage per bi-weekly pay period. The deduction for the \$5,000 coverage in the example would be \$1.25 each bi-weekly pay period. As the employee's salary increases (by promotion, periodic step increase, or by change in salary schedules) the insurance automatically increases and the amount for deduction must be increased proportionately.

(1) Premium deductions continue for an employee regardless of the changes in amount of compensation payable in a particular pay period. Deductions will not exceed the amount of net compensation available for the deduction when the pay is reduced because of LWOP. The employee is covered without deduction and without retroactive adjustment for non-deduction during periods of LWOP up to 12 months.

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(2) Premium deductions are discontinued at the end of the pay period immediately preceding the one in which the employee reaches his 65th birthday. The insurance benefits continue at no cost to him as long as he remains an employee.

(3) The extent of premium deductions is determined on the basis of the "basic" rate of pay for all employees paid a rate contained in the General Schedule of Salaries. Ungraded employees whose wages are fixed by wage boards will be granted insurance to the extent of an annual average of their regular salary plus the additional benefit derived by adding the night differential to which they are entitled if they are assigned to a shift, for which night differential is payable.

(4) When an employee is reassigned between payroll units of the Agency effective within a bi-weekly period, as opposed to being reassigned effective concurrently with a full bi-weekly period, a full deduction for the insurance will be made by the losing payroll unit. The gaining payroll unit will not make any deduction for the same bi-weekly period.

#### 7F.03 ADJUSTMENTS OF DEDUCTIONS

Adjustments for administrative overdeductions or underdeductions may be made as necessary. No adjustment is made to refund any deductions withheld if an employee decides to waive the insurance since coverage was extended during the period for which deductions were made.

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#### 7F.05 AGENCY CONTRIBUTION TO FEGLI

The cost to the Agency in support of the insurance plan is equal to one-half of the contributions made by the

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participating employees. The amount contributed by the Agency is computed by Machine Records Division and distributed to the various allotments from which participating employees are paid. No action is required by the payroll section.

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## CHAPTER 7. DEDUCTIONS, RECOVERIES, AND ALLOTMENTS

### SECTION G. ALLOTMENTS OF SALARY

#### 7G.01 PURPOSE OF ALLOTMENTS

Allotments of salary may be designated for (1) deposit only to the individual or joint bank checking accounts, (2) Agency Credit Union, and (3) Agency Hospitalization and/or Life Insurance accounts. Employees at field stations may designate an allotment for payment to them locally, as discussed in paragraph 7G.03.

#### 7G.02 AUTHORITIES FOR ALLOTMENTS

The employee is responsible for authorizing the allotment of salary to any one or all of the above mentioned allottees and Headquarters will make payment in the amounts requested, and in the following order;

- (1) Life Insurance
- (2) Hospitalization
- (3) Credit Union
- (4) Bank Checking Account

If funds remaining due the employee are inadequate to cover all allottees in the amounts specified, the employee will be advised promptly on the payroll change notice of the adjustments made. Requests for allotments will remain in effect until changed by the employee.

#### 7G.03 AMOUNTS TO BE PAID ABROAD (PAID AT STATION)

At the time an employee departs Headquarters for assignment to a field station, Form 475, Foreign Duty Data Sheet, will be completed. This form will indicate the amount the employee elects to receive in the field. The amount so designated will be made a part of the normal salary payment. Authorization in writing must be received from the individual before any change is made in the amount paid abroad. This may be by memorandum or on Form No. 1129, Request For Change of Field Salary Allotment. When effecting a change in this allotment, it is extremely important to observe the effective dates requested by the employee compared with the actual date Headquarters is able to make the change. Delays in forwarding the requesting document may result in an overpayment or underpayment. Differences will become apparent in the General Ledger Account No. 300.1. Adjustments will be made, as appropriate.

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CHAPTER 7. DEDUCTIONS, RECOVERIES, AND ALLOTMENTS  
SECTION H. MISCELLANEOUS DEDUCTIONS

7H.01 PURPOSE

At the option of the Agency, other deductions may be effected on the payroll to recover funds due the Agency on account of overpayments, and balances of travel or operational advances, or as adjustments for canceled checks and advance payments of salary. In cases of collection of an indebtedness there may be an agreement with the employee as to the amount of the deduction. See [ ] In all cases of a miscellaneous adjustment or collection of indebtedness, appropriate explanation must be given to the employee to identify the deduction. It will also be necessary at times to establish informal control records for an individual in order to stop a recurring deduction when the total amount it was established to recover has been collected.

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CHAPTER 7. DEDUCTIONS, RECOVERIES, AND ALLOTMENTS

SECTION I. SUMMARY CHART OF DEDUCTIONS REQUIRED BY LAW

7I.01 PURPOSE OF THE CHART

The chart represents a summary of the various types of income paid to employees in relation to whether or not the item of income is considered when computing deductions required to be withheld by law for the Civil Service Retirement Fund, FEGLI, social security tax, and Federal or District income taxes.

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**Summary of Withholdings Required By Law  
(7I.01)**

	Purposes For Which Withholdings Are Required	Types of Payments Included or Excluded from Computation								
		Basic Compensation	Overtime	Night Differential	Holiday	Foreign & Terr'l Post Differential	Lump Sum For Annual Leave	Allowances	Suggestion Awards	Language Proficiency Awards
1	Civil Service Retirement and FEGLI Deductions from:									
	a. General Schedule Salaries	Yes	No	No	No	No	No	No	No	No
	b. Wage Board Salaries*	Yes	No	Yes	No	No	No	No	No	No
2	Social Security	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
3	Federal Income Tax **	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
4	D.C. Income Tax **	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes

\* Night differential is added to basic compensation for wage board employees for determining the retirement and insurance deductions.

\*\* Tax withholdings are NOT made from final payments made on behalf of a deceased employee.

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## CHAPTER 8. PAYROLL RECORDS & ACCOUNTS

### SECTION A. FINANCIAL ACCOUNTS RELATED TO COMPENSATION

#### 8A.01 GENERAL LEDGER ACCOUNTS USED IN PAYROLL ACCOUNTING

(Refer to Chart and Description of Accounts, Finance Division, Office of the Comptroller, and revisions thereto.)

<u>Account Number</u>	<u>Title and Description</u>
100 to 110	(These represent accounts of cash on hand, undeposited cash, funds for disbursement, and cash in banks.)  Specific entries (debit and credit) are usually indicated by the Disbursing Office for the appropriate account.
144.1	Advances to Agency Personnel - Regular Rolls
144.2	Advances to Agency Personnel - Special Rolls
144.3	Advances to Agency Personnel - Continuing  These debit balance accounts represent amounts advanced to Agency personnel for official travel and/or operational purposes.

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148	Advances and Other Receivables Due From Former Agency Personnel
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This debit balance account reflects the unliquidated balance of funds of an operational, administrative or personal nature advanced to or otherwise receivable from former personnel. Listings are prepared showing each employee and amounts due from each individual. Debits (or credits) are made to this account to consolidate all balances which may remain in 144, 149, 150, and/or 300 accounts upon complete separation from the Agency.

150.1 Compensation and Allowance Payments  
Due From Agency Personnel - Regular  
Rolls

150.2 Compensation and Allowance Payments  
Due From Agency Personnel - Special  
Rolls

These debit balance accounts represent receivables due from agency personnel. The accounts are also used for adjusting canceled checks.

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300.1 Accrued Compensation - Regular Rolls

300.2 Accrued Compensation - Special Rolls

These credit balance accounts represent the portion of compensation and allowances charged to cost but not yet recorded as paid. These balances (credits) include compensation to be paid by field stations which are reported to Headquarters on T/A's (Transfer of Accountability) and compensation accrued and unpaid.

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Current Costs - Direct Allotments

This is a debit balance (nominal) account maintained to show the operating costs of the Agency which are currently recorded as expenditures.



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711

Retirement Deductions - Prior Calendar Years (Credit)

This credit balance account shows the cumulative amount of Civil Service Retirement deductions from employees' salaries through the end of the prior calendar year for employees currently on the payroll.

713

Retirement Deductions - Current Calendar Year (Credit).

This credit balance account represents the amount of Civil Service Retirement deductions for the current calendar year. It is supported by an individual earnings record. This account is balanced and closed into 711 at the end of the calendar year.

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## CHAPTER 8. PAYROLL RECORDS & ACCOUNTS

### SECTION B. ACCOUNTS & PAYROLL RECORDS PREPARED BY MACHINE PROCESS

#### 8B.01 ACCOUNTS FOR INDIVIDUALS

Individual accounting information is prepared on Agency personnel by Machine Records Division from payrolls and other information. The ledgers useful to the payroll clerk are as follows:

- a. Accrued Compensation - Regular Rolls (G.L. Account 300.1)
- b. Compensation and Allowance Payments Due from Agency Personnel (G.L. Account 150.1)

Lists a and b are arranged numerically according to the employee payroll control number which places the names in substantially alphabetical order. True names are used. (Every six months a list of matched items (Debit and corresponding credit) is made of the 300.1 account).

- c. Accrued Compensation - Special Rolls (G.L. Account 300.2)



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- e. Advances to Agency Personnel - Regular Rolls (G.L. Account 144.1)
- f. Advances to Agency Personnel - Continuing (G.L. Account 144.3)

Lists e and f include individuals paid from vouchered funds as well as those paid from confidential funds. The control number is assigned by the Accounts Branch of Finance Division in a manner similar to the numbering system used by the payroll control. The numerical order of the listings arranges the names in approximately alphabetical sequence. All names are true names.

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h. Advances and Other Receivables Due From Former Agency Personnel (G.L. Account 148).

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#### 8B.02 GENERAL PAYROLL DOCUMENTATION

Several different types of information on compensation are produced by Machine Records Division. They are listed as follows:

a. Payroll Ledger

This is a cumulative listing for each individual employee of basic salary, post differential, overtime, night differential, holiday pay, deductions, (retirement, tax, insurance, hospitalization), allowances, paid at station, and net amount paid. It is divided into two portions; the active, and inactive lists.

b. Payroll Recapitulation

This summarizes all payroll totals of individual payroll sub-units. It serves as the basis for preparation of the posting voucher for each payroll.

c. Expense Runs

This gives a breakdown of all payroll charges by allotment and by sub-object classification.

d. "Other" Deductions Listing

This shows the debit and credit entries of all items which were payrolled as "other" deductions. From this

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list, each entry must be identified as to its exact accounting significance and listed in detail on the payroll posting voucher so that the entries may be made to individual accounts.

- e. Contributions For Social Security
- f. Contributions For Government Insurance

Summaries e. and f. are prepared by allotment and show totals of the deductions from salaries and the Agency's matching contribution charged as expense to each allotment.

- g. Contributions For Retirement

A summary is prepared by allotment showing the total of all retirement deducted from salaries and the expense charge to the allotment representing the Agency's share.

- h. Deductions For Credit Union
- i. Deductions For Hospitalization and Life Insurance

Lists h. and i. provide details, by individuals, of amounts deducted from salaries which are transferred to either the Agency Credit Union or to GEHA, the Agency Insurance Office. The credit union and insurance offices use a copy of these listings for crediting (or debiting) individual accounts on their records. The lists may include amounts transferred to the Agency for payment to individuals in the field.

- j. Check Roster

This is a listing of employees by payroll unit, in employee payroll control number order showing the amount of each employee's check each pay period, check number, and bank (allottee) if any.

- k. Check Listing

This is a listing for each roll, containing the employee number, check number and amount. It is intended primarily for audit and reconciliation.

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## CHAPTER 8. PAYROLL RECORDS & ACCOUNTS

### SECTION C. EMPLOYEE NAME ROSTERS

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#### b. ROLL ROSTERS

These are lists of personnel assigned to a particular payroll unit for administrative purposes. They contain the same information and in the same arrangement as the basic control roster (8C.01) except that they include only currently payrolled personnel. Each payroll unit makes additions and deletions to its roster, as personnel are assigned to or transferred from that unit. New roll rosters are reprinted by machine processes at irregular intervals.

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Taxes

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## CHAPTER 9. TAX WITHHOLDINGS

### SECTION A. FEDERAL INCOME TAXES

#### 9A.01 GENERAL

Agencies of the Government of the United States are required to withhold an income tax from the wages (including lump-sum payments) of employees. Certain exceptions to this requirement are listed in Circular E, Revised, Employer's Tax Guide, issued by the Internal Revenue Service.

#### 9A.02 COMPUTATION OF WITHHOLDING TAX

a. Amounts to be withheld from wages paid may be determined from tables in Circular E, cited above, and from General Accounting Office Salary Tables. The amount to be withheld for taxes is stated for bi-weekly pay periods in the tax and salary tables and must be doubled for computing the withholding for payrolls prepared on a four-week basis.

b. Taxable compensation, or wages, includes basic salary, overtime, night differential, holiday pay, salary differential for duty at a foreign or a territorial hardship post, payment of an award for an employee's suggestion and payment of an award for foreign language proficiency. Allowances are excluded from taxable income of staff employees. (Individuals employed under a contract or agreement may be subject to tax on the entire amount of compensation which may include allowances, but the terms of the contract will govern.)

c. A full tax withholding exemption is allowed for an entire payroll period for the employee regardless of the amount earned, or the actual time worked during the period, or the fact that he begins or terminates employment during the period, or whether he is on a per annum, WAE, or other employment basis. (24 C.G. 104)

d. Excess withholdings due to failure of an employee to file a W-4 or to file a correct certificate will not be adjusted. Excess or deficient withholdings due to clerical errors, or overpayment of salary may be adjusted where failure to do so would create hardship on the employee, in which case the error may be adjusted on a subsequent payroll, if within the same calendar year. After a W-2 has been furnished to the employee, neither excess nor deficient withholdings can be adjusted by the withholding agency. Any refund due to the employee or any amount

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of tax still due will be settled between the Internal Revenue Service and the employee on the basis of the employee's income tax return.

c. Federal income tax is not withheld from final payments of compensation due a deceased employee. A Form 1099, will be prepared and issued to the heirs or administrator of the deceased employee's estate for the compensation paid after death from which no tax was withheld. See 11E.03.

#### 9A.03 TAX EXEMPTIONS CLAIMED BY EMPLOYEE

a. Each employee placed on the confidential funds payrolls should complete and file with the appropriate payroll unit a Form W-4, Employees Withholding Exemption Certificate, stating the number of exemptions claimed. If no W-4 is received, the tax withholding will be determined on the basis of "0" exemptions.

b. Provisions of the revenue act permit an employee to request withholdings in a greater amount than that which would be withheld on the basis of "0" exemptions. The employee will furnish a formal authorization for deducting the excess with a minimum amount of \$5 and in multiples thereof.

c. Tax deductions will be based on the current W-4 on file with the payroll unit. The employee will be responsible for filing a revised W-4 declaring any increase or decrease in his authorized exemptions or changing the amount of withholdings in excess of "0" exemptions which he may have authorized.

#### 9A.04 WITHHOLDING STATEMENT, FORM W-2

a. As soon as possible after the last salary payment made in the calendar year, on separation from the Agency, or on transfer to another Agency payroll unit, a Form W-2 will be prepared showing compensation paid and taxes withheld to the date of the action. In case of transfer to another Agency payroll unit, the employee's copies of the W-2 will be forwarded to the other payroll unit to be held until the end of the year for delivery to the employee with the W-2 issued by the other payroll unit. Copies of the W-2 will be mailed directly to employees who separate from the Agency.

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b. Information on the W-2 includes the employer's name and address  employee's name and stateside address, the amount withheld as income tax, gross taxable wages, (social security taxes, if applicable) and where appropriate, state or District of Columbia income taxes. A sufficient number of copies of the W-2 are prepared so that it serves as a record for District of Columbia income tax withholdings in addition to the Federal tax and is acceptable by the District taxing authorities in lieu of Form D-2. See Section C of this Chapter.

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9A.05 REMITTANCES AND REPORTS TO INTERNAL REVENUE SERVICE

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## CHAPTER 9. TAX WITHHOLDINGS

### SECTION B. SOCIAL SECURITY TAX (FICA)

#### 9B.01 GENERAL

The Social Security Act of 1935, as amended, provides coverage for employees of the Federal Government who are not eligible for the Civil Service Retirement System. The Agency as an employer is required to withhold social security tax from the wages of employees covered by the Act.

#### 9B.02 EMPLOYEES SUBJECT TO SOCIAL SECURITY DEDUCTIONS

In general, social security taxes will be deducted for employees stationed in the United States and for United States citizen employees stationed abroad who are not subject to the Civil Service Retirement System. The following employees are subject to social security deductions: (1) Contract employees, (2) employees appointed on a temporary basis, and (3) re-employed annuitants who are not subject to the Civil Service Retirement Act or to some other Federal Retirement System. Coverage of employees hired by contract instrument became effective 1 January 1955. The Agency excludes the following employees from social security deductions: (1) Employees covered by Civil Service Retirement Act, (2) independent contractors, (3) non-United States Citizen employees who are employed outside the continental U.S. , Alaska, Hawaii, the Virgin Islands, and Puerto Rico, (4) consultants or experts who are compensated either on a fee basis or without compensation (WOC), (5) [REDACTED]

#### 9B.03 WITHHOLDING OF SOCIAL SECURITY TAXES

a. Social Security taxes are levied on a basic amount of an employee's yearly gross income. (See table below) Deductions are discontinued as soon as the amount has been paid and no further deductions are made for the remainder of the tax year. Withholding is resumed beginning with the following year. The FICA tax falls upon both the employer and the employee.

b. Salary which is subject to the social security tax includes all compensation paid by the employer which is subject to Federal income tax withholdings, within the limitation amount paid in each calendar year. Overtime, night differential, holiday pay, etc., are all

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considered compensation which is subject to social security tax, whereas these items of income are not considered for computing civil service retirement deductions.

- c. Schedules of rates of social security tax deductions and maximum wage limitations are as follows:

<u>Period</u>	<u>Tax Rate</u>	<u>Basic Amount</u>
(Calendar Years)	(Employee and Employer)	(Subject to Tax)
1937 - 1949	1 percent	\$3,000
1950	1½ percent	\$3,000
1951 - 1953	1½ percent	\$3,600
1954	2 percent	\$3,600
1955 - 1956	2 percent	\$4,200
1957	2¼ percent	\$4,200

#### 9B.04 DISPOSITION OF WITHHOLDINGS

Social Security taxes withheld from employees' compensation are accumulated and transferred to the Fiscal Division for transmittal quarterly to Internal Revenue Service with Federal income taxes, either directly or through established secure channels. Listings of employees' quarterly earnings subject to social security tax are prepared by Machine Records Division to serve as the reports to IRS.

#### 9B.05 RECEIPTS FOR TAXES WITHHELD

At the end of a year, or upon separation from the confidential funds payroll, an employee is given copies of Form W-2 which include the amount of social security tax withheld in addition to the other tax information. The employee may make adjustments when necessary with the Internal Revenue Service when filing his income tax return for excessive deductions which may have resulted from having worked for more than one employer during the tax year.

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## CHAPTER 9. TAX WITHHOLDINGS

### SECTION C. STATE OR TERRITORIAL INCOME TAXES

#### 9C.01 GENERAL

The Secretary of the Treasury has authority under laws and executive orders to enter into agreements with states where an income tax withholding law is in effect which bind Federal agencies operating in that state to deduct state income tax from employees payrolled in that state. The District of Columbia is considered as a state for this purpose.

#### 9C.02 DISTRICT OF COLUMBIA INCOME TAX WITHHOLDINGS

a. Under the general authority granted to the Secretary of the Treasury, an agreement was approved between the U.S. and the District of Columbia to require withholding of District income tax and from Federal employees employed in the Washington area. This became effective in October 1956. Residence of the employee within the District determines whether deductions are, or are not made. All employees at Headquarters are required to file either Form D-4, Employee's Exemption Certificate, or Form D-4A, Employee's Non-Residence Certificate.

b. The District law, unlike the Federal income tax law makes residence a factor. The following criteria determine whether District tax will or will not be withheld.

(1) Tax will be withheld if the employee resided in the District of Columbia at the time the tax is required to be withheld, i.e., at the end of the pay period.

(2) Tax will be withheld if the employee maintains a place of abode in the District of Columbia at the time the tax is required to be withheld, i.e., at the end of the pay period.

(3) Taxes will continue to be withheld until the end of the tax year even though the employee moves from the District after having maintained a place of abode in the District for more than 7 months during the taxable year. See 9C.02.d below for an exception.

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(4) Taxes will be withheld if the employee is domiciled in the District at the time the tax is required to be withheld.

c. The latest certificate (D-4 or D-4-A) will remain in effect until an amended certificate is furnished. An employee is responsible for filing corrected certificates to reflect changes in exemptions claimed or to show changes in residence. An employee who moves from the District may file a new certificate to be made effective immediately (beginning of the pay period following its receipt) if he has not resided within the District for more than seven months. Deductions will be continued to the end of the tax year for employees who move from the District after seven months of residence, except as provided in paragraph 9C.02d,

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e. Tax tables for determining District taxes and other data relative to District income tax are available in a pamphlet issued by the District, entitled, District of Columbia Income Tax Withholding Instructions for Employers.

#### 9C.03 DISTRICT OF COLUMBIA TAX PROCEDURES

a. General provisions for withholding, remitting, and providing a receipt to each employee are similar to requirements applicable to Federal tax procedures. Remittances of withholdings by employers are required quarterly. Withholdings accumulated by the Finance

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b. An income tax withholding is not made from final payments of compensation due a deceased employee subject to the District tax. See 11E.03

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**9C.04 WITHHOLDING STATEMENTS TO EACH EMPLOYEE**

Additional copies of Form W-2, used for Federal income taxes will be prepared each year to include the amount of District tax withheld from the gross wages paid during the year and given to each employee as soon as possible after the close of the tax year. The copies of the W-2 will be in lieu of Form D-2, Withholding Tax Statement, designated for this purpose by the District. A reconciliation of the amounts of the District tax deductions as recorded on the W-2's, amounts transferred and withheld will be made annually in the same manner and at the same time as the reconciliation is performed for the Federal tax withholdings.

**9C.05 ADJUSTMENTS OF WITHHOLDINGS**

The provisions of 9A.02 b, with respect to adjustments of errors in withholdings will apply for adjustments of the District tax. In addition, if an employee moves from the District after residence of less than 7 months, no refunds will be made by payroll action. The individual must file an income tax return with the District declaring his exemption and thus claim a refund from the District of amounts withheld during the period of residence in the District.

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Retirement

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## CHAPTER 10. CIVIL SERVICE RETIREMENT AND DISABILITY FUND

## SECTION A. GENERAL

## 10A.01 CIVIL SERVICE RETIREMENT SYSTEM

The Federal Civil Service retirement system is a contributory system in which the employees and the Government share in the expense of annuities to which the employees may become entitled upon retirement. Deductions are made from compensation earned by all employees covered by the retirement system. The retirement deductions from employees' compensation are mandatory by law, which provides that salary payments less such deductions will constitute complete discharge of all claims for services rendered by an employee during the period covered by such payments. The rates of deductions have been as follows:

<u>Rate</u>	<u>Period</u>
2 $\frac{1}{2}$ percent	1 August 1920 to June 30, 1926
3 $\frac{1}{2}$ percent	1 July 1926 to 30 June 1942
5 percent	1 July 1942 to 1st pp after 30 June 1948
6 percent	1st pp after 30 June 1948 to 30 Oct. 1956
6 $\frac{1}{2}$ percent	31 Oct. 1956 to date

Beginning with the first day of the first pay period after 30 June 1957, each agency is required to deposit into the retirement fund a sum matching the deductions made from the employees' compensation.

## 10A.02 APPLICABILITY OF CIVIL SERVICE RETIREMENT DEDUCTIONS

Retirement deductions will be made from the basic compensation of staff employees, staff agents, and any other employee whose contract so states. The Personnel Notification, Form 1150, will indicate whether retirement deductions are applicable. If retirement is not applicable social security (old age benefits) deductions generally apply. See 9B.02.

## 10A.03 WITHHOLDING OF RETIREMENT DEDUCTIONS

a. Retirement deductions where applicable, will be withheld from basic compensation exclusive of overtime, night differential, or pay for work on a holiday, or foreign post

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differentials or allowances for duty outside of the continental United States. In computing retirement deductions, half of a cent or more will be charged as a full cent. Fractions less than half a cent will be dropped.

b. For wage board employees, retirement is calculated on the basic salary inclusive of night differential to which the individual employee may be entitled.

c. Upon separation, retirement is deducted from the final salary payment made to the employee which represents his final period of actual service or in a pay status, but will not be deducted on that portion of the final pay which represents his lump sum payment for leave after the date of separation. Lump sum payments for leave are not considered as compensation. (24 C.G. 540)

#### 10A.04 REDEPOSITS AND VOLUNTARY CONTRIBUTIONS

The Civil Service Retirement Act, as amended, provides for employees to make voluntary contributions to the retirement fund to increase their annuity entitlements. Also, employees are required to refund retirement deductions to the fund which have been withdrawn upon previous separation from covered employment and for depositing sums with interest to cover periods of service for which no deductions were made. Any deposits or redeposits of retirement in these categories are made directly to the CSC and are not a part of payroll work.

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## CHAPTER 10. CIVIL SERVICE RETIREMENT AND DISABILITY FUND

### SECTION B. INDIVIDUAL RETIREMENT RECORD

#### 10B.01 PREPARATION OF INDIVIDUAL RETIREMENT RECORD

a. Standard Form 2806, Individual Retirement Record, will be prepared for each employee who is subject to retirement deductions. The card provides for a record of payroll deductions for retirement and a record of the Government service which will determine the employees' retirement rights. Therefore, it is important that both the service history side and the fiscal record side be maintained accurately. Standard terms and abbreviations specified by the Civil Service Commission will be used in making all entries thereon.

b. Postings are made to the retirement record card at the end of each calendar year or upon separation of the individual from the payroll section as the first step toward either transfer of the record to another Agency payroll unit or transmittal of the record to the CSC if the employee has been separated from the Agency.

#### 10B.02 DISPOSITION OF INDIVIDUAL RETIREMENT RECORD

Upon transfer of the employee to another Agency payroll, the SF 2806 will be brought up to date and transferred on an intra-agency register to the receiving payroll unit. Upon separation of the employee from Agency rolls, the SF 2806 will be completed and forwarded by transfer register to the Fiscal Division which will make the official transmittal of the record to the CSC. Those cases which are considered "sensitive" are hand-carried to the CSC.

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## CHAPTER 10. CIVIL SERVICE RETIREMENT AND DISABILITY FUND

### SECTION C. RETIREMENT FUND RECORDS AND ACCOUNTS

#### 10C.01 RETIREMENT FUND ACCOUNTS

a. As deductions are made each pay period from compensation, the sums withheld are credited to General Ledger Account 310.1. The account is cleared periodically by transfer of funds to the Fiscal Division which in turn transfers funds to the CSC for the Agency.

b. Retirement funds to the credit of employees are recorded in three general ledger accounts (See 8A.01) as follows:

(1) Account 710, Reciprocal Account - CSC, which represents the cumulative amount of deductions for personnel currently on the confidential funds payrolls.

(2) Account 711, Retirement Deductions - Prior Calendar Years, which reflects the cumulative amount of deductions transferred to the CSC through the end of the prior calendar year.

(3) Account 713, Retirement Deductions - Current Calendar Year, which is the total of deductions made for the current calendar year. After this account is reconciled to the total deductions made during the year as shown for each individual employee and the amounts are posted on the individual retirement records, the total sum, as reconciled, is transferred to Account 711.

#### 10C.02 REGISTERS OF SEPARATIONS AND TRANSFERS

a. In order to transmit individual retirement records, SF 2806, between payroll units within the Agency and to the CSC upon separation from the Agency, the following transfer designations are used. The transfer documents also govern adjustments of the monies in the general ledger accounts identified in 10C.01.

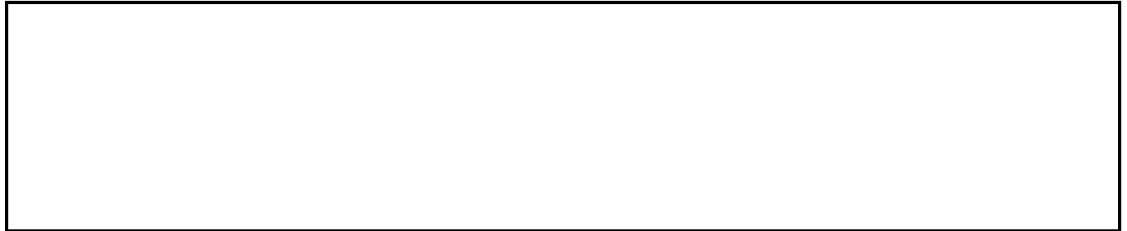
(1) V-Transfers - Intra-Agency transfers of employees from covert to overt payrolls.

(2) IA-Transfers - Intra-Agency transfers of employees from overt to covert payrolls.

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#### 10C.03 ANNUAL SUMMARY OF RETIREMENT FUND TRANSACTIONS

Immediately following the close of the calendar year, a reconciliation is made of all retirement fund transactions of the confidential funds payrolls. The reconciliation takes the form of verification of the total of all the postings of retirement deductions made during the year as reflected on the SF 2806's and the total of the funds recorded as transferred to Fiscal Division for transmittal to the CSC. The Fiscal Division prepares the Agency annual summary report for the CSC.

#### 10C.04 RETIREMENT FUND ADJUSTMENTS

a. When an erroneous amount has been deducted from pay of an employee for deposit to the Civil Service Retirement fund, appropriate adjustments will be made as soon as possible after discovery of the error. Adjustments may be required as the result of overpayment of regular salary, underpayments, or in computing the amount of the deduction.

b. Corrective action shall be taken as follows:

(1) When the individual is still on the rolls:

(a) If the error is due to a misstatement of the regular earnings of the employee, the regular pay of the employee should be increased or decreased on a subsequent payroll and the amount of the retirement deduction computed on the increased or decreased regular pay.

(b) If the error is due to an erroneously computed retirement deduction, a compensating increase or decrease in the retirement deduction for the employee should be made on a subsequent payroll, with a corresponding increase or decrease in the net amount paid the employee.

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(2) When the employee has been separated by reason of transfer, death, resignation, or retirement, and is no longer on the rolls of the confidential funds payroll:

(a) If the error is due to an overpayment of regular earnings to the employee, the amount of overpayment should be collected from the employee, or his estate, and the retirement deduction over-deposit adjusted on a subsequent



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(b) If the error is due to an underpayment of regular earnings due the employee, the additional sum may be payrolled on a subsequent payroll and the net due forwarded to the employee or to his heirs. If the employee's retirement record, SF 2806, has been forwarded, a Supplemental SF 2806 will be prepared to report the additional credits to the CSC.

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## CHAPTER 10. CIVIL SERVICE RETIREMENT AND DISABILITY FUND

### SECTION D. INDEBTEDNESS AND SET-OFFS

#### 10D.01 INDEBTEDNESS TO THE UNITED STATES

a. Money payable from the retirement fund may be set-off to effect recovery of any valid debt to the United States, provided all other means of recovery have been exhausted. Requests for set-off of less than \$5 will not be considered by the CSC.

b. Availability of funds for set-off is limited by certain conditions as follows:

(1) Any annuity payment due the former employee is available. The debt of a deceased employee may not be recovered from the annuity payable to his widow or children.

(2) If the former employee has less than 5 years of civilian service his lump-sum credit is available.

(3) If the former employee has more than 5 years of civilian service, his lump-sum credit is available if and when he applies for refund. If he does not apply for refund his annuity payments will be available when he establishes eligibility for annuity.

(4) Upon the death of an employee or former employee the lump-sum credit is available for set-off.

c. Procedures for recovery of an indebtedness from the retirement fund provide for submission of SF 2805, Request for Recovery of Debt Due the United States. It should, where possible, be submitted to the Commission at the same time that the retirement record is submitted. The Commission will acknowledge receipt of the claim and advise whether funds are available for set-off. If funds are available a check will be forwarded to enable the Agency to apply the proceeds to the indebtedness. Retirement refunds to a former employee will not be delayed by the CSC pending a determination of indebtedness by an Agency.

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Miscellaneous

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## CHAPTER 11 MISCELLANEOUS PROCEDURES

### SECTION A. PERIODIC STEP AND LONGEVITY INCREASES

#### 11A.01 GENERAL REQUIREMENTS

A periodic step increase is granted to an employee who has served a specified period of time in the grade, provided that his service and conduct are certified as satisfactory. For grades through GS-10, a period of 52 calendar weeks is required and for grades GS-11 and above, 78 calendar weeks are required. WAE employees are required to serve 260 days in pay status for grades through GS-10 and 390 days in pay status for GS-11 and above. A longevity increase is due an employee who serves an aggregate period of 10 years in the same grade. All periodic step increases and longevity increases are effective at the beginning of the pay period immediately following that pay period in which the creditable service is completed.

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#### 11A.02 NOTIFICATION OF ELIGIBILITY

The Office of Personnel is responsible for establishing dates when employees become eligible for periodic step and longevity increases and for issuing Form 560a, Periodic Step Increase-Authentication. The form will be prepared well in advance of the due date and sent to the supervisor for certification as to service and conduct. If a periodic step increase is delayed solely through administrative error, correction may be made effective retroactively to the date when it was properly due.

#### 11A.03 Procedures

Upon receipt of Form 560a, the payroll unit will examine the employee's leave record to determine whether LWOP since the last promotion (within grade or grade to grade) totals to an amount which reduces the creditable service and whether the date stated on the Form 560a must be advanced. Periods of LWOP recorded by a personnel action (Form 1150) are considered by the Office of Personnel in fixing the effective date shown on the Form 560a. The first 80 hours of LWOP as recorded by the payroll unit do not affect the creditable service toward the step increase. LWOP in excess of the first 80 hours, extends the effective date by one bi-weekly period for each additional unit of 80 hours or fraction thereof. In the event the non-pay status time is sufficient to invalidate the effective date shown on the Form 560a, the form will be corrected as to the effective date and an explanation of the reason for the change made on the form. The payroll copy will be

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retained and the other copies returned to the Office of Personnel for correction of its records and distribution. If for some reason the payroll unit questions the periodic step increase, all copies of the Form 560a will be returned to the Office of Personnel with a full explanation of the reasons. The non-receipt of a Form 560a will not be questioned by the payroll unit since unsatisfactory performance could be the reason and this would be the responsibility of the Office of Personnel, not of the payroll unit.

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## CHAPTER 7. MISCELLANEOUS PROCEDURES

### SECTION B. SPECIAL SALARY PAYMENTS AND ADVANCES OF SALARY

#### 11B.01 GENERAL PROVISIONS

Agency regulations  provide that under specified circumstances an employee may apply for and receive an advance of salary earned prior to the actual pay day. The amount of such an advance may not exceed the net amount of actual salary earned to the date of the advance. All advances must be applied for by the employee and be approved by an authorized approving official. Payments in advance of paydays, including payments of corrected amounts for a current pay period will be requested by means of a special voucher which results in issuance of a special check.

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#### 11B.02 PROCEDURES

Form 496, Request for Payment of Confidential Funds, will be prepared when it is necessary: (1) to make an approved advance of salary, (2) to pay salary prior to the next regularly scheduled pay day, and (3) to obtain a substitute check for the regular salary check which for some reason cannot be issued for the payday which is current. The accounting entry on Form 496 will charge the actual amount paid to the 150.1 general ledger account. The individual's pay card and file will be flagged so that a PCN will be prepared to reflect the adjustment appropriate for the special payment and credit the 150.1 general ledger account.

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## CHAPTER 11 MISCELLANEOUS PROCEDURES

### SECTION C. LUMP-SUM PAYMENTS FOR ANNUAL LEAVE

#### 11C.01 GENERAL AUTHORITY AND LIMITATIONS

An employee separated from Federal service shall be paid a lump-sum to liquidate annual leave to his credit which is not in excess of 30 days or the number of days carried over to his credit at the beginning of the leave year in which he is separated, whichever is the greater. In the case of a deceased employee, the lump-sum payment will represent all of the decedent's unused accumulated annual leave which does not exceed 30 days, plus his current accrued leave, or, all his unused accumulated leave not in excess of the approved number of days carried over to his credit at the beginning of the leave year in which death occurred, plus his current accrued leave, whichever is greater. See

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#### 11C.02 PERIOD FOR WHICH PAYMENT WILL BE MADE

The period used as a measure in computing the lump-sum payment begins with the regularly scheduled basic workday following the effective date of separation or death and ends with the day (and hour) when the employee's accumulated and accrued annual leave is exhausted. Employees engaged in irregular tours of duty will, for purposes of lump-sum leave payments, be considered as reverting to a regular basic workweek, Monday through Friday, effective with the first regular workday following the last day of actual duty. Payment will be made for holidays which fall within the period of leave used as a measure in computing the lump-sum payment, except for any holiday established after the date of separation. Holidays are not charged to annual leave and have the effect of extending by one day the period covered by the payment.

#### 11C.03 SALARY RATE APPLICABLE

A lump-sum payment will be computed at the salary rate in effect on the date of separation. However, it will include within-grade promotions where an employee, prior to separation, completed the requisite period of actual service and all other conditions applicable, even though the PSI was not effective until the beginning of the next bi-weekly pay period following completion of

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the required period of service. An employee who would merely become eligible for a PSI during the period covered by the lump-sum payment does not become eligible for compensation at the increased rate. (26 CG 102)

#### 11C.04 APPLICABILITY OF RETIREMENT AND TAX DEDUCTIONS

Lump-sum payments are subject to deductions for income and FICA taxes, but are not subject to retirement. Payments on behalf of deceased employees are subject only to deductions for FICA tax.

#### 11C.05 TERRITORIAL COST-OF-LIVING ALLOWANCE AND POST DIFFERENTIAL

The territorial cost-of-living allowance and post differential will be included in the lump-sum payment only when an employee is separated at his post of duty outside the continental United States.

#### 11C.06 TRANSFERS OF BALANCES AND REFUNDS UPON REEMPLOYMENT

When an employee transfers between Federal Agencies under the same leave system, a lump-sum is not paid and the annual leave (and sick leave) balances are transferred. A payment for the annual leave to the individual's credit is made only when the transfer is made to an agency operating under a different leave system. Refer to 5C.04 for additional information about lump-sum payments and refunds when an individual is reemployed by an agency under the same leave system as that from which the individual was separated, but prior to the expiration of the period of leave on which the lump-sum was based.

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## CHAPTER 11 MISCELLANEOUS PROCEDURES

### SECTION E SETTLEMENT OF ACCOUNTS OF DECEASED EMPLOYEES

#### 11E.01 CLAIMS FOR UNPAID COMPENSATION

Upon the death of an employee, the Office of Personnel has the responsibility to contact the nearest of kin or administrator of the employee's estate and give assistance in the preparation of a claim for compensation. In the event that the employee named a specific beneficiary on SF 1152, Designation of Beneficiary, Unpaid Compensation of Deceased Civilian Employees, the claim will be submitted by that beneficiary on SF 1153, Claim of Designated Beneficiary and/or Surviving Spouse for Unpaid Compensation of Deceased Civilian Employee. If there was no designation of a beneficiary, the claim will be prepared on SF 1155. Claim for Unpaid Compensation of Deceased Civilian Employee. Compensation due a deceased employee will be paid to the designated beneficiary or surviving kin in the order specified by law as follows:

- First - To beneficiary designated by the employee in writing filed with the Agency.
- Second - To widow or widower of such employee.
- Third - If no spouse, then to child or children and their descendants.
- Fourth - If none of the first, second, or third beneficiaries are living, then to the parents of such employee, or the survivor of them.
- Fifth - To duly appointed legal representative of the estate or person determined to be entitled under the laws of the domicile of the deceased employee.

The beneficiary designations specified by law cited above for unpaid compensation do NOT apply to benefits, refunds, or interest payable under the Civil Service Retirement Act, or to life insurance payments under the Federal Employees' Government Life Insurance unless otherwise expressly prescribed. Submission of claims for retirement refunds or benefits and for life insurance, when applicable, will also

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be arranged by the Office of Personnel. These items are not settled by any payroll action.

#### 11E.02 UNPAID COMPENSATION DEFINED

Unpaid compensation means all salary, premium pay, salary differential, allowances, or other compensation due on account of services of the decedent, including lump sum payment for unused annual leave, and amounts due for employee suggestion awards or language proficiency awards, prior compensation checks drawn payable to the employee not delivered, or unnegotiated checks returned because of death. In addition, travel expense reimbursements due to the deceased employee at time of death will be included as a part of the settlement made to the beneficiary or other claimant entitled to receive the monies.

#### 11E.03 PROCEDURES

The compensation will be calculated in accordance with the definition stated in 11E.02 and a payroll change notice will be prepared. If the decedent was in a pay status at the time of death, salary computations will include a full day's pay for the day of death. Retirement deductions are applicable to all salary for the day of death, but excluding the period covered by lump sum payment of annual leave. The salary earnings, including any lump sum leave payment are subject to FICA deductions when applicable. Withholdings for Federal or District income taxes are NOT made from the final settlement of unpaid compensation. Compensation due, including pay represented by checks drawn but not delivered or not negotiated at the time of death, will be recomputed to exclude income tax withholdings for purposes of final settlement. Form 1099, U.S. Information Return For Calendar Year, will be prepared for the taxable compensation paid from which no tax was withheld and a W-2, Statement of Earnings, will be prepared for the compensation paid to the deceased employee from which taxes were withheld. Both tax forms will be made available when possible, for delivery to the beneficiary with the final payment. The issuance of a check for the net amount due the beneficiary will be requested by the Finance Division as soon as a settlement can be made, rather than wait for a check to be issued in the normal payroll process. The payroll change notice will be prepared to record all of the details of the payment in the payroll records during the pay period current with the payment. As soon

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as possible after the final amounts of retirement deductions have been payrolled and can be reconciled, the SF 2806, Individual Retirement Record, of the deceased shall be completed and forwarded through usual processing channels to the CSC so as not to delay payment of benefits or refund of the principal to the beneficiary by the CSC.

#### 11E.04 CLEARANCES

It is important to expedite as much as possible the computations of amounts due a deceased employee, but it is just as important to ascertain that all necessary clearances have been obtained prior to making final settlement so as to preclude overlooking any outstanding indebtedness to the Agency. Sums due the Agency will be deducted from compensation due the deceased employee. See Chapter II, Section H.

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## CHAPTER 11 MISCELLANEOUS PROCEDURES

### SECTION F PAYMENTS FOR AWARDS

#### 11F.01 EMPLOYEE SUGGESTION AWARDS

25X1 The Agency provides for payment of cash awards to employees for suggestions which are adopted for use by the Agency. See [ ] The amount of the award is based upon tangible and intangible savings to the Agency and is determined by the Incentive Awards Committee. Payment of an award will be made by the payroll unit upon receipt of unnumbered form "Request for Payment of Cash Award." Award payments are subject to income tax (and to FICA withholdings when applicable.) They must be recorded as a part of an employee's compensation records in order to be reflected in the statement of earnings and withholdings to be given to the employee at the end of the tax year. A check in the net amount of the award (after taxes) will be requested.

#### 11F.02 LANGUAGE PROFICIENCY AWARDS

The Agency's program for the encouragement of the study of foreign languages provides for cash awards for certain standards of proficiency. See [ ] Form 1273, Certification for Language Award, will be submitted to the payroll unit as authority for payments of awards. These awards are subject only to any applicable income tax (and to FICA withholdings when applicable). The tax must be recorded in the compensation records for the tax year. Employees at Headquarters will be issued a special check in payment of the net amount of the award. Employees overseas will be paid by having the net amount included on a PCN and the amount due added to the pay for the period and deposited to their stateside bank account.

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## CHAPTER 11 MISCELLANEOUS PROCEDURES

### SECTION G. UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

#### 11G.01 GENERAL INFORMATION

Payroll units of the Agency occasionally will receive requests to provide State unemployment compensation commissions with data on compensation paid to former Agency employees and the reason for their separation. See   and Comptroller Instruction No. 6, Revised. Such inquiries require prompt handling. 25X1

#### 11G.02 PROCEDURES

- a. Each unemployment compensation commission has its own forms, but generally, inquiries will be on forms equivalent to those designated in the following statements for action as indicated.
- b. Inquiries will be submitted on Form ES-931, Request For Wage and Separation Information-Unemployment Compensation For Federal Employees, which should be completed by the payroll unit to show the information requested. All amounts of wages reported on an ES-931 shall be annotated on the payroll records to prevent the possibility of reporting the same information to another jurisdiction which might receive an application for benefits from the same individual.
- c. Follow-up inquiries will be submitted on Form ES-934, Request Form Information or Reconsideration of Federal Findings. This is used when in the opinion of the State commission that inadequate information was provided on the Form ES-931, either as to the amount of compensation reported or as to the reason for separation. An explanation of the reasons for separation, other than the reason stated on the SF 1150, must be provided by the Office of Personnel.
- d. As a part of an audit program, Form ES-936, Verification Letter, will be submitted occasionally to the Agency, which should be completed as requested and returned promptly.

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## CHAPTER 11 MISCELLANEOUS PROCEDURES

### SECTION H. CLEARANCES OF TRANSFERRED AND SEPARATED EMPLOYEES

#### 11H.01 PURPOSE OF CLEARANCES

A "clearance" is a final review of all records of an employee to determine his responsibility for any property charged to him and to determine any indebtedness to the Agency from overpayments of salary or from unliquidated advances of funds. All amounts found due the Agency must be settled or satisfactory arrangements made for settlement prior to making any final salary payment. Any amounts due the employee will also be revealed by the clearance process and may be included in the final salary payments. Salary payments made by a payroll unit may be used to collect indebtedness of the employee to the Agency. Retirement fund credits of the individual also may be applied to liquidate an indebtedness not otherwise settled or collected from his final salary payment (See 10D). An analysis will be made of the payroll records only for staff employees when they are (1) transferred from a field station to Headquarters, or (2) transferred to another payroll unit of the Agency, i.e. reassigned to a covert position or to vouchered funds payroll. (See 11H.03a). A full "clearance" action will be instituted for all staff employees when they are: (1) separated from the Agency (2) are granted extended LWOP consisting of 60 days or more, or (3) are granted a military furlough (See 11H.04).

#### 11H.02 FIELD TRANSFERS AND CLEARANCES

a. A field station will prepare and forward to Headquarters, a Form 495, Personnel Transfer and Clearance Sheet, when an employee transfers to Headquarters or to another station, departs on home leave, or departs the station on TDY in excess of 30 days. The last duty status report from the station usually will accompany the field clearance form. At Headquarters, the employee's pay and leave will be analyzed, adjustments made as necessary, and follow-up action taken on other records required as follows:

- (1) Determine when the last field allotment was paid the employee by the station.
- (2) Review General Ledger accounts 150.1 and 300.1 for any entries which have not cleared or which are not scheduled to be cleared by some action in process but not yet posted to the accounts.

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(3) Bring the leave record up to date after receipt of any missing duty status reports. At the time the employee's travel voucher for the transfer of station is audited, a statement covering the period of travel and indicating any excess travel time for charge to annual leave will be furnished by the Operations & Liaison Branch. Compensatory time not to exceed 80 hours, may be permitted while enroute from a field station to Headquarters or to a new station as authorized on the field clearance form.

(4) Pay as overtime any compensatory time which may be certified for payment by the Chief of Station which was denied to the employee prior to departure from the field. Such compensatory time credits should be supported by a schedule showing the accumulation of compensatory leave credits in such detail that it is clear there is no violation of the aggregate compensation limitations set forth in 2B.10 and 2F.02.

#### 11H.03 REASSIGNMENT OR TRANSFER TO ANOTHER PAYROLL WITHIN THE AGENCY

Staff employees may be reassigned (transferred) from one payroll to another or from staff employee status to a covert status such as staff agent, contract agent, etc. Transfer to a covert status will be treated as a separation from the Agency for clearance purposes. See 11H.04. Reassignment (transfer) to vouchered funds payroll requires an informal clearance of all payroll and leave accounts. The General Ledger accounts 150.1 and 300.1 will be examined for any outstanding balances (debits or credits), and items which have been or are in process of being liquidated. Any outstanding indebtedness found to exist at the time of the reassignment (transfer) may be referred to the vouchered fund payroll office for collection by payroll deduction in the absence of satisfactory arrangements with the employee for a cash refund. All time and attendance reports and periods of travel between permanent stations must be accounted for and the leave record readied for transfer of balances to the receiving payroll unit as a part of the clearance procedure. If the individual has returned recently from an overseas post, procedures in 11H.02 must be completed also before the reassignment is completely cleared.

#### 11H.04 SEPARATIONS FROM THE AGENCY

a. These actions generally refer to separations from Agency employment, but for clearance purposes include

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grants of LWOP of 60 days or more, furloughs for military service, and reassignments to covert positions. Final pay and lump sum payment for annual leave shall not be made until full clearance has been given by the Clearance Officer of the Operations and Liaison Branch of the Finance Division as provided by Finance Division Operating Procedures.

b. The Office of Personnel prepares Form 21, Final Payment Clearance Sheet, for all employees separating from the Agency under any of the circumstances outlined in 11H.04a. Clearance is granted by other offices and components as indicated on the Form 21 by the Office of Personnel. When Form 21 is received, the O & L Clearance Officer will prepare a Finance Division Clearance Worksheet (FDCW) and forward it to the payroll unit for payroll clearance information. The payroll unit will examine the individual's account balances in General Ledger accounts 150.1 and 300.1, all other transactions and documents pertinent to the pay records of the individual concerned and obtain any missing time and attendance reports required to summarize the leave and pay record. Add any remarks pertinent to the clearance of the individual to the FDCW. The Clearance Officer will inform the payroll unit of any amounts which are to be deducted from the final salary payment to the individual. The final salary payment must be deferred until after the Clearance Officer has approved complete clearance or has indicated that a specified amount of indebtedness shall be collected. Set-off action to liquidate indebtedness also may be requested from amounts withheld for retirement purposes under circumstances outlined in 10D.01.

c. The FDCW will be returned to the payroll unit for filing in the individual's payroll folder after the case has been closed and all indebtedness settled.

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## CHAPTER 12 FORMS

### SECTION A. FORMS USED IN COMPENSATION PROCEDURES

#### 12A.01 GENERAL EXPLANATION

Forms in use for compensation purposes consist in part, of Standard Forms (SF) which are designed for general use by all Federal Agencies. Other forms have been designed exclusively for CIA purposes or are based upon comparable Standard Forms, but which have been modified to meet Agency requirements for security and cover. Forms included herein are those which are most commonly encountered in some phase of confidential funds payroll activity. The mixture of numbers created by the use of forms originated by this Agency and other agencies precludes a listing of the forms by any numerical sequence for reference. The forms are arranged by purpose or activity as follows:

- a. General Purpose (12A.02)
- b. Taxes (12A.03)
- c. Retirement (12A.04)
- d. Miscellaneous (12A.05)

#### 12A.02 GENERAL PURPOSE FORMS

<u>Form Number</u>	<u>Title and Explanation</u>
--------------------	------------------------------

Form 1150	NOTIFICATION OF PERSONNEL ACTION
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Originates with the Office of Personnel and constitutes the official notification to the payroll unit of personnel actions, including appointments, salary rates, reassignments, periods of LWOP, terminations, dates effective and other data pertinent to payroll and leave such as applicability of CSC deductions, etc.

Form 1152 or 1152a	REQUEST FOR PERSONNEL ACTION
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Originates in the employee's organizational component and requests the Office of Personnel to prepare an official personnel action. A copy to the payroll unit serves as advance notice of actions pending affecting pay, such as separations and transfers.

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Form 560a

**PERIODIC STEP INCREASE AUTHENTICATION**

Originates with the Office of Personnel and constitutes official notification to the payroll unit of the effective date and amount of salary rate change within a grade. Effective dates are subject to verification of LWOP recorded by the payroll unit not covered by an S.F. 1150 which would not be creditable as service toward the increase.

Form 33-24

**EMPLOYEE'S NORMAL PAY RECORD**

Prepared by the payroll unit to record the normal pay, allowances, and other data on the employee for payroll control and reference purposes.

Form 20a

**CONFIDENTIAL FUNDS DEPARTMENTAL TIME AND ATTENDANCE REPORT**

Used at Headquarters for reporting of time worked and time absent. It provides the basis for posting of leave, computing premium pay, confirmation of EOD's and departures, etc.

Form 764

**FIELD DUTY STATUS REPORT**

Used for reporting of time worked and time absent for employees serving abroad. It provides the basis for posting leave, computing premium pay, confirms arrivals, departures, changes in allowances and differentials, etc.

Form 218

**PAYROLL CHANGE NOTICE**

Used by the payroll unit to compute and record the salary earned and changes thereto. It also serves as notice to Machine Records Division to prepare payroll records. A copy provides an explanation for the employee of computations of salary, allowances, deductions, etc.

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S.F. 1137

LEAVE RECORD

Used by the payroll office to record all absences (sick leave, annual leave, leave without pay, compensatory time for Headquarters employees.) It also serves to record leave accruals and balances forwarded.

S.F. 71

APPLICATION FOR LEAVE

Used by the employee to apply for leave, including sick leave when a Doctor's certificate is required. It is submitted with the time and attendance report.

Form 1284

INTERIM NOTICE - LEAVE BALANCES

Serves as a temporary notice of leave balances available for use for staff employees transferred between vouchered funds payrolls and confidential funds payrolls, pending completion of the leave records and forwarding an official notice of leave balances transferred.

Form 316

REFUND OF LUMP SUM PAYMENT

Originates in the Office of Personnel for employees transferring to the Agency from another Federal Agency under the same leave system to notify the payroll office that the individual has leave available for recredit, subject to a refund of the lump sum received (or a portion of it).

S.F. 1150

RECORD OF LEAVE DATA TRANSFERRED

Notice to the payroll unit of leave balances to be credited to an employee upon transfer from another Federal agency without a break in service. Also used to notify other agencies of leave balances of employees upon their separation from this Agency.

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Form 475

**FOREIGN DUTY DATA SHEET**

Prepared for the individual (Central Processing Division, Office of Personnel) prior to his going overseas to summarize pay, allowances, deductions, bank allottee, etc. One copy is sent to the field with the individual's leave balances added by the payroll unit.

Form 61

**RESIDENCE AND DEPENDENCY REPORT**

Records an employee's stateside residence address and dependency status upon assignment to an overseas station.

Form 1129

**REQUEST FOR CHANGE OF FIELD SALARY ALLOTMENT**

Originated by the employee to request a change in his field allotment.

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Form 494

**NOTIFICATION OF TRANSFER OF FUNDS OR ACCOUNTS**

Frequently referred to as a "T/A". Used to transfer accountability to a field station for disbursement or collection, or used by the field station to transfer accountability for amounts to Headquarters.

Form 21

**FINAL PAYMENT CLEARANCE SHEET**

Originated by Office of Personnel on all personnel separating from the Agency as a means of determining any indebtedness to be settled prior to final salary payment.

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Form 495

**PERSONNEL TRANSFER AND CLEARANCE SHEET**  
(Formerly 33-49)

Notice to Headquarters from the field, upon PCS of an employee, giving dates, advances, compensatory time authorized for use enroute, last field allotment paid, etc.

Form 496

**REQUEST FOR PAYMENT OF CONFIDENTIAL FUNDS**

Prepared by the payroll unit for payment of advances of salary and for special payments of salary or allowances prior to their being payrolled. (It has other uses aside from payrolls.)

Form 606

**CONFIDENTIAL FUNDS POSTING VOUCHER**

Used for preparing accounting information relating to confidential funds payroll based on summaries of machine runs of payroll charges and credits. (It has many other accounting uses aside from payrolls.)

25X1C4A

Form 171

**NOTICE OF CREDITABLE SERVICE**  
(For Leave Purposes)

Serves as notice by Office of Personnel of service computation date (SCD) for leave purposes, or correction of date previously provided.

12-5

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## 12A.03 TAX FORMS

<u>Form Number</u>	<u>Title and Explanation</u>
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W-4	EMPLOYEE WITHHOLDING EXEMPTION CERTIFICATE
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Prepared by each employee and filed with the payroll unit to indicate the number of exemptions claimed for purposes of computing the Federal tax withholding.

D-4	EMPLOYEE'S EXEMPTION CERTIFICATE
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Prepared by employees living in the District of Columbia to indicate the number of exemptions claimed for purposes of computing the D.C. Income Tax withholdings.

D-4A	EMPLOYEE'S NON-RESIDENCE CERTIFICATE
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Prepared by employees residing outside of the District of Columbia, at Headquarters, to certify exemption from the D.C. income tax withholdings.

W-2	WITHHOLDING TAX STATEMENT
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A statement of earnings, taxes withheld (Federal, State or District of Columbia, and Social Security tax (when applicable) given to each employee upon separation from the Agency or at the end of a calendar year. Copies are also filed with Federal, District of Columbia, and State tax authorities.

Form 941	EMPLOYER'S QUARTERLY FEDERAL TAX RETURN
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A summary report of Federal income taxes withheld, social security taxes withheld, and a list of employees and their earnings subject to the social security tax provisions. This form is filed quarterly during the calendar year. An annual reconciliation is submitted with the report due for the fourth and final quarter.

12-6

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Form 1099

U.S INFORMATION RETURN FOR CALENDAR YEAR

Used to report taxable salary payments made in excess of \$600.00 in a taxable year, from which income tax has not been deducted. For example, compensation due a deceased employee or to certain types of individuals under contracts which stipulate no withholdings will be made.

12A.04 RETIREMENT FORMS

<u>Form Number</u>	<u>Title and Explanation</u>
S.F. 2806	INDIVIDUAL RETIREMENT RECORD  Records the fiscal aspects of retirement monies withheld from an employee's salary and records his services with the Agency. It is posted once a year, or upon separation.
S.F. 2806-1	NOTICE OF CORRECTION OF INDIVIDUAL RETIREMENT RECORD  Used to report corrections to S.F. 2806 after the S.F. 2806 has been forwarded to the Civil Service Commission.
S.F. 2807	REGISTER OF SEPARATIONS AND TRANSFERS  Serves as a transmittal and for accounting control of transfers of monies and S.F. 2806's to other CIA payrolls and to CSC.
S.F. 2807-1	REGISTER OF ADJUSTMENTS  Corrects errors on S.F. 2807's.
S.F. 2807-2	ANNUAL SUMMARY - RETIREMENT FUND TRANSACTIONS  Provides an annual reconciliation of retirement funds. Report goes to Fiscal Division for incorporation in the Agency report to CSC for the calendar year.

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**APPLICATION FOR REFUND OF RETIREMENT DEDUCTIONS**

S.F. 2802

Prepared by an individual at his election upon separation from the Agency and from Federal employment covered by the retirement system. Requests refund of all deductions.

S.F. 2805

**REQUEST FOR RECOVERY OF DEBT DUE TO THE UNITED STATES**

Request the CSC to pay from retirement funds, an amount due the U.S. from an employee which was not repaid.

S.F. 2808

**DESIGNATION OF BENEFICIARY**

Prepared at the election of the employee to designate a beneficiary to receive his retirement withholdings or benefits, upon his death when the employee wishes to designate a beneficiary other than the order of precedence designated by the CSC law for beneficiaries.

**12A.05 MISCELLANEOUS FORMS**

Form Number

Title and Explanation

Form 819

**APPLICATION FOR AND GRANT OF EDUCATION ALLOWANCE**

Self explanatory.

Form 1075

**APPLICATION AND CLAIM FOR HOME SERVICE TRANSFER ALLOWANCE**

Prepared by the employee for temporary lodging allowance and/or home service transfer allowance upon return to the U.S.

Form 33-22

**APPLICATION FOR PAYMENT OF ALLOWANCES**

Prepared by the employee for temporary lodging allowance and beginning of quarters allowance upon PCS assignment to a field station in a foreign area.

Form SS-5

**APPLICATION FOR SOCIAL SECURITY ACCOUNT NUMBER**

Prepared by an individual employee who has never been assigned a number.

~~CONFIDENTIAL~~

Form 642

PERSONNEL INFORMATION CARD

Used by the employee or administrative officers for reporting changes in office locations, telephone extensions, home addresses, etc., to Machine Records Division. Personnel going overseas file a form to record their stateside address for use on a W-2 while absent from the States.

S.F. 1152

DESIGNATION OF BENEFICIARY UNPAID  
COMPENSATION OF DECEASED CIVILIAN  
EMPLOYEES

An optional form to be completed by an employee to designate a beneficiary which is not in the order of precedence established by law for beneficiaries. Payment of compensation due would be made in accordance with designations made on this form in event of death of the employee.

S.F. 1153

CLAIM OF DESIGNATED BENEFICIARY AND/OR  
SURVIVING SPOUSE FOR UNPAID COMPENSATION  
OF DECEASED CIVILIAN EMPLOYEE

Used by surviving designated beneficiary or spouse to claim unpaid compensation due a deceased employee.

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S.F. 1155

**CLAIM FOR UNPAID COMPENSATION OF DECEASED  
CIVILIAN EMPLOYEES**

Used by an heir or administrator to claim unpaid compensation due a deceased employee.

E.S. 931

**REQUEST FOR WAGE AND SEPARATION INFORMATION  
UNEMPLOYMENT COMPENSATION FOR FEDERAL  
EMPLOYEES**

(This title may vary with different States.)  
It requests verification of compensation of a former employee while serving the Agency, essential to consideration of their claim for unemployment compensation.

E.S. 934

**REQUEST FOR INFORMATION OR RECONSIDERATION  
OF FEDERAL FINDINGS**

(This title may also vary slightly with different State jurisdictions.) Requests additional information previously supplied on an E.S. 931.

E.S. 936

**VERIFICATION OF FORM E.S. 931**

A type of audit by unemployment compensation commissions of data previously supplied on an E.S. 931 or E.S. 934.

Form 1273

**CERTIFICATION FOR LANGUAGE AWARD**

Provides notice of approval to pay specified amount of award granted for language proficiency.

Unnumbered

**REQUEST FOR PAYMENT OF CASH AWARD**

Constitutes notice to pay specified amount of an award granted for an employee's suggestion.

12-10

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